



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2025

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 financial statements for the year ended 31 March 2025.

Principal activities

The principal activities are the provision and management of affordable rented accommodation. Loretto Housing Association Limited ("Loretto") is a wholly owned subsidiary of The Wheatley Housing Group Limited ("WHG" or "Wheatley Group").

OPERATING REVIEW

Customers are at the heart of our decision making and we strive to ensure the services we deliver are clearly aligned with their needs. Overall tenant satisfaction levels of 93% show the success of our commitment to ensuring services reflect our customers' priorities. This year 2024/25 also saw high levels of tenancy sustainment, the building of significant numbers of new homes and an enduring commitment to helping customers navigate difficult economic challenges.

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

With the Scottish Government declaring a national housing emergency in May 2024, our commitment to tackling homelessness is an ever more important element of our five-year strategy. We allocated 122 homes to people who were homeless this year marking a contribution to tackling the housing emergency. We have at the same time retained our focus on sustainable communities and our tenancy sustainment figures remained strong at 96.3%, above the Scottish average of 91.2%.

Customer engagement remains at the heart of delivering our services, and 65 customers had signed up to our Stronger Voices customer engagement programme by the end of the year providing us with views and feedback on our services.

Building on the success of our 'Book It, Track It, Rate It' app where customers can book a repair online, track progress on the day and provide feedback afterwards, our 24/7 Customer First Centre specialists worked more closely than ever with frontline housing teams to deliver improvements to the repairs service, resolving issues more quickly. In the year, total expenditure on repairs and capital improvements to our existing homes and communities was £8.6m. We also grew the number of affordable homes completing 63 new homes during the year.

Wheatley Foundation, the Group's charitable arm, continued to alleviate the impact of poverty on the people we work for and help them access educational, training and employment opportunities. The Foundation created 27 jobs, training and apprenticeship opportunities for people in our homes and communities over the year, helped 302 customers with benefit claims and provided 33 households with free furniture through the Home Comforts service.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

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

Here are some of the highlights of the year.

Building new homes

Loretto built 63 homes for social rent over the year, with 15 in Croy, North Lanarkshire, and 48 at East Lane in Paisley. Work is underway on 17 new homes for social rent in Coatbridge; another 46 homes at Dargavel Phase 3 in Bishopton; and 44 homes for social rent in South Crosshill Road in Bishopbriggs which are due later in 2025.

Investing in our homes

Loretto delivered £3.2m of planned improvements to homes and communities over the year including:

- £0.1m on bathrooms, which comprised reactive ad hoc installations across the portfolio at change of tenancy;
- £0.2m on central heating boiler, including smoke and heat detectors, which comprised 70 ad hoc boiler replacements across the portfolio and lifecycle renewal of 85 new smoke and heat detector systems;
- £0.9m on external wall finishes, under the project to renew the EWI system at Dumbarton Road;
- £0.2m on internal works and common areas, mainly at care sites;
- £0.2m on kitchens; including 11 ad hoc kitchen installations at change of tenancy and 15 planned lifecycle replacements at Lourdes Avenue;
- £0.2m on structure and roofs, included in the Dumbarton Road EWI project;
- £0.4m on windows and doors, which was commencement of the window and door lifecycle renewals at Windsor Crescent.

Our repairs service

Loretto carried out 13,711 reactive repairs over the year and a total of £5.4m was spent on planned and reactive maintenance. Our 'Book It, Track It, Rate It' app updates customers when their repair is booked and when the tradesperson is on their way, and also allows them to rate the service. The average rating over the year was 4.5 out of 5.

We continued our focus on dealing with reports of damp and mould in our homes. We have set quick response targets to deal with reports of damp or mould and grade all reports of damp and mould with the vast majority mild in nature, and very low numbers of cases where significant mould or damp are present. Nearly 500 condition surveys using a firm of independent property surveyors combined with in person visits from housing officers were carried out during the year which confirmed that our housing stock is in good condition.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

Our repairs service (continued)

Our average time to complete emergency repairs was 3.5 hours while non-emergency repairs averaged 9.1 days. The percentage of repairs completed right first time for the year ended 2024/25 was 89%, marginally below our 90% target. We remained 100% compliant with gas safety.

Improving our communities

Our partnership with Keep Scotland Beautiful (KSB) sees the environmental charity assess the service delivered by our environmental teams. In 2024/25, all Loretto neighbourhoods were rated as five-star, the highest possible grade. We held four 'environmental weeks of action' over the year, working with schools, council partners, community groups, volunteers and Wheatley contractors on litter-picks, recycling, tree planting and more. More than 500 people across Wheatley communities took part.

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

Our Community Improvement Partnership (CIP), the specialist team of police officers and our Anti-Social Behaviour Prevention and Intervention (ASBIP) officers, continued to support customers affected by anti-social behaviour. At the end of 2024/25, 94% of Loretto neighbourhoods were classified as 'peaceful'.

Helping our tenants stay safe from fire has always been our top priority, and the number of accidental fires in Wheatley homes fell by 21% over the year. Wheatley's own fire team carried out 43 person-centred fire risk assessments in Loretto's homes, and Scottish Fire and Rescue carried out 34 home fire safety visits. We installed five LD1 fire detection systems in our homes; delivered fire safety products such as fire-retardant bedding, ash trays, and mail guards to 19 customers; carried out fire-related repairs to eight homes; installed seven stove guards in homes; and gave five customers specialised detection systems.

Letting homes

We continued to provide homes to people who were homeless this year, allocating 122 homes in 2024/25. Across Wheatley Group, 2674 homes were allocated to people who were homeless over the year.

Engaging with customers

We continued to engage with our customers as much as possible over the year, both online and in person. A total of 22,525 people used the Loretto website in 2024/25, an increase of 560 from the year before. Our total number of social media followers was 2,386, down 11 from last year, and we received 19 enquiries from customers on social media, down 28 from 2023/24.

The number of customers involved in our Stronger Voices programme reached 65 by the end of 2024/25, with 30 focus groups and panel meetings and 85 walkabouts held over the year. A total of 3 Loretto customers were involved in the Group scrutiny panel at the end of 2024/25. Feedback from customers informed a number of projects including improved garden space in Methlan Park and markings for a play area at Queens Quay.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

Supporting our customers

More than 36% of Loretto customers are now on Universal Credit, an increase of 4% from last year. Our team of welfare benefits advisors supported 302 Loretto customers over the year, resulting in £0.9m of financial gain. Likewise our team of fuel advisors helped 68 people.

Wheatley Foundation worked hard this year to help people in financial hardship, with 739 instances of support to help alleviate the effects of poverty on Loretto customers and communities.

As well as this, we:

- gave 33 households free upcycled furniture through Home Comforts;
- helped 61 new tenants with household budgeting, running a home and settling into their community through My Great Start;
- provided starter packs for 12 tenants who needed support moving into their home;
- created 27 jobs, training and apprenticeship opportunities for people in our homes and communities and awarded two people from our homes a bursary to go to college or university;
- offered 18 young people at schools across Glasgow a 'wee bursary';
- provided recycled digital devices for five tenants through our Techshare initiative; and
- provided free books every month to nine children under five through the Dolly Parton Imagination Library initiative.

Independent Auditor

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

FINANCIAL REVIEW

Loretto generated an operating surplus of £8.8m (2024: £2.8m) for the year. The movement in the operating surplus is driven by the increase in grant income recognised in relation to new build properties, the change in the revaluation of our mid-market reported in other gains and losses and an increase in the surplus from core operations.

Before taking account of other gains and losses and excluding grant income on new build completions, an operating surplus was generated from core operations of £1.6m (2024: £0.7m). The increase of £0.9m in 2024/25 underlying operating surplus is driven by our strong letting performance and quick turnaround of properties when they become vacant generating an increase in income from our rents and service charges together with an increase in other income received in the year to support investment in our homes and assets.

Income

Turnover for the year ended 31 March 2025 totalled £23.9m (2024: £17.3m). The main source of income is derived from the social rental of housing property, with net rental income of £15.5m (2024: £13.9m).

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW (Continued)

Other significant items include:

- Total grant income of £7.2m (2024: £2.3m), has been recognised in relation to completed new build properties and medical adaptations. The amount of grant income reported varies from year to year depending on the profile of the new build development programme. 63 new homes completed in 2024/25 compared to 24 new homes in 2023/24.
- Other income which includes gift aid income from Wheatley Developments Scotland Ltd of £0.6m (2024: £0.1m).
- Income for support activities totalling £0.5m (2024: £0.9m).

Expenditure

Operating costs in the year totalled £15.2m (2024: £14.4m). Costs largely comprised of the following:

- Management and administration costs associated with affordable letting activities totalling £0.8m (2024: £1.0m).
- Planned and cyclical maintenance costs including major repair costs to improve our social housing properties totalling £2.6m (2024: £2.0m).
- Reactive maintenance costs to our social letting properties totalling £2.8m (2024: £2.5m).
- Depreciation expenditure for social housing and other assets of £7.0m (2024: £6.8m)
- Costs associated with our wider role in supporting communities of £0.2m (2024: £0.4m), including donations to Wheatley Foundation £0.1m (2024: £0.2m) to provide continued support for our customers through this financially challenging period.

Other expenditure in the year includes £3.6m of interest (2024: £3.8m), which is mainly interest on intra group loans.

Total comprehensive deficit for the year of £3.5m (2024: £12.3m surplus) includes a decrease in valuation of social housing properties of £9.5m (2024: increase of £14.7m) and a gain of £0.7m (2024: loss of £1.5m) in respect of the annual actuarial valuation of the SHAPS pension scheme. On completion of new build social properties, which are held on the Statement of Financial Position at valuation, FRS 102 requires the grant income to be recognised through profit or loss under the performance model. This approach creates an initial valuation loss on new properties in the year of completion when compared to the gross development cost which is reported after operating surplus. The Existing Use for Social Housing Valuation methodology ("EUV-SH") will not always reflect the scale of capital investment spend in the year.

Cashflows

Cash generated from operating activities was £10.4m (2024: £7.6m). Cash and cash equivalents in the year increased by £0.6m (2024: decrease £1.3m), primarily due to improved operating performance.

Liquidity

Net current liabilities at 31 March 2025 totalled £12.1m, an increase of £3.9m in the year from a net current liability in 2024 of £8.2m. This is linked to an increase in deferred grant receipts included in current liabilities and the timing of intercompany settlements. £6.2m of deferred grant receipts were reported as due for release within one year compared to £3.6m at 31 March 2024.

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW (Continued)

The classification of deferred grant receipts between balances due for release to the statement of comprehensive income within one year and more than one year which can vary year to year dependant on the size of the new build programme and the anticipated date of completion of each development at the respective year end.

Borrowings due after more than one year to fund the development of new housing have increased from £77.9m to £86.7m. Cash balances are managed at an appropriate level through the Group funding subsidiary Wheatley Funding No.1 Limited ("WFL1") to match the needs of the business and the cost of borrowing. Loretto has access to funding through a Group facility with WFL1 which ensures the Association does not default on liabilities as they fall due and enables further investment in its existing stock and on its new build programme.

Capital structure and treasury

Loretto's activities are funded on the basis of a Business Plan which is updated annually. Long-term funding is provided through the Group financing subsidiary WFL1, as detailed in note 18. Loretto currently has access to an intra-group facility of £92.8m. Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £3.2m in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £165.9m (2024: £161.0m).

New Build

A total of 63 new social rents units were completed during the year and continued to work on several other developments. Our new build programme invested £18.1m in the year. The Business Plan includes a further projected spend of £118.1m on the new build programme in Loretto over the next five years.

Reserves policy

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

Revenue reserve

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

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

Revenue reserve (continued)

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. Loretto 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 policy to sell social housing assets; on the contrary, continuing to own and support these while providing excellent services to customers is core to Loretto's charitable purpose.

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW (Continued)

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

Principal risks facing the Association

The Board are responsible for assessing the risks facing Loretto. 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



Iain Macaulay, Chair
22 September 2025

Wheatley House
25 Cochrane Street
Glasgow G1 1HL

DIRECTORS' REPORT (Continued)

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	Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Iain Macaulay (Chair)	20 May 2024	-	-	Wheatley Funding Ltd 1 Wheatley Funding Ltd 2 Wheatley Capital PLC Wheatley Housing Group Limited Group Audit Committee Strategic Development Committee
Eric Gibson (Chair)	20 September 2021	-	16 September 2024	Lowther Homes Limited (chair) Wheatley Funding Ltd 1 Wheatley Funding Ltd 2 Wheatley Capital PLC Wheatley Housing Group Limited
Alex McKay*	15 June 2015	20 September 2021	-	-
Pauline Gilmore*	18 September 2017	19 September 2023	29 May 2024	-
Dr Lesley Anne Bloomer	29 September 2022	-	18 December 2024	West Lothian Housing Partnership Limited Wheatley Developments Scotland Ltdsh Wheatley Solutions
Gregor Dunlay	28 November 2022	-	19 August 2024	West Lothian Housing Partnership Limited
Jackie Brock	22 February 2023	-	24 March 2025	Wheatley Foundation
Guy Kerkvliet	18 January 2024	-	-	-
Hussain Kayani	24 January 2024	-	18 August 2025	-
Andrew Little	07 February 2024	-	-	-
Graham McInnes*	19 August 2024	-	-	-
Michael Tong	18 December 2024	-	-	-
Elaine Harley	24 March 2025	-	-	-
Kerry Mackie	24 March 2025	-	-	-
Elizabeth Todd	19 May 2025	-	-	-

* 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.

DIRECTORS' REPORT (Continued)

Creditor payment policy

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

Disclosure of information to auditor

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

DIRECTORS' 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.

DIRECTORS' REPORT (Continued)

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

By order of the Board



Iain Macaulay, Chair
22 September 2025

Wheatley House
25 Cochrane Street
Glasgow G1 1HL

INDEPENDENT AUDITOR'S REPORT TO LORETTO HOUSING ASSOCIATION AND THE TRUSTEES OF LORETTO HOUSING ASSOCIATION

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

INDEPENDENT AUDITOR'S REPORT TO LORETTO HOUSING ASSOCIATION AND THE TRUSTEES OF LORETTO HOUSING ASSOCIATION (CONTINUED)

Opinion (Continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Our risk assessment procedures included:

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

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

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

We did not identify any additional fraud risks.

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

We also performed procedures including:

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO LORETTO HOUSING ASSOCIATION AND THE TRUSTEES OF LORETTO HOUSING ASSOCIATION (CONTINUED)

Opinion (Continued)

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

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

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

Other information

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

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

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 10 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit or
- in our opinion, the information given in the Director's Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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

We have nothing to report in this respect.

INDEPENDENT AUDITOR'S REPORT TO LORETTO HOUSING ASSOCIATION AND THE TRUSTEES OF LORETTO HOUSING ASSOCIATION (CONTINUED)

Opinion (Continued)

Board's responsibilities

As explained more fully in their statement set out on page 11, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

[REDACTED]

Michael Wilkie

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

319 St Vincent Street

Glasgow

G2 5AS

23 September 2025

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	<i>Note</i>	Total 2025 £'000	Total 2024 £'000
Turnover	3	23,869	17,321
Operating expenditure	3	(15,240)	(14,412)
Other gains/(losses)	3	140	(78)
Operating surplus		<u>8,769</u>	<u>2,831</u>
Finance income	9	7	17
Finance charges	10	(3,575)	(3,837)
(Decrease)/increase in valuation of housing properties		(9,467)	14,694
Increase in valuation of other fixed assets		<u>42</u>	<u>42</u>
(Deficit)/surplus for the year		(4,224)	13,747
Actuarial gain/(loss) in respect of pension schemes		<u>690</u>	<u>(1,462)</u>
Total comprehensive (deficit)/surplus for the year		<u><u>(3,534)</u></u>	<u><u>12,285</u></u>

All amounts relate to continuing operations.

The notes on pages 20 to 42 form part of these financial statements.

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

	Total Reserves £'000
Balance at 31 March 2023	56,683
Surplus for the financial year	13,747
Actuarial loss in respect of pension scheme	(1,462)
Balance at 31 March 2024	<u>68,968</u>
Deficit for the financial year	(4,224)
Actuarial gain in respect of pension scheme	690
Balance at 31 March 2025	<u>65,434</u>

All amounts relate to continuing operations.

The notes on pages 20 to 42 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	<i>Notes</i>	2025 £'000	2024 £'000
Fixed assets			
Social housing properties	13	165,861	160,975
Other tangible fixed assets	14	1,664	1,378
Investment properties	15	1,330	1,190
		<u>168,855</u>	<u>163,543</u>
Current assets			
Trade and other debtors	16	1,642	2,862
Cash and cash equivalents		1,332	714
		<u>2,974</u>	<u>3,576</u>
Creditors: amounts falling due within one year	17	(15,043)	(11,787)
Net current liabilities		<u>(12,069)</u>	<u>(8,211)</u>
Total assets less current liabilities		156,786	155,332
Creditors: amounts falling due after more than one year	18	(88,579)	(83,060)
Provisions for liabilities			
Pension liability	20	(2,773)	(3,304)
Total net assets		<u>65,434</u>	<u>68,968</u>
Reserves			
Called up Share capital	19	-	-
Total reserves		65,434	68,968
Total reserves		<u>65,434</u>	<u>68,968</u>

These financial statements were approved by the Board on 18 August 2025 and were signed on its behalf on 22 September 2025 by:



Iain Macaulay
Chair



Andrew Little
Board Member



Anthony Allison
Secretary

The notes on pages 20 to 42 form part of these financial statements.

Charity registration number SC07241

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	<i>Notes</i>	2025 £'000	2024 £'000
Net cash generated from operating activities	22	<u>10,434</u>	<u>7,633</u>
Cash flow from investing activities			
Improvement of properties – housing stock	13	(3,182)	(1,918)
New build		(17,497)	(5,892)
Improvement of properties – investment properties	15	-	(8)
Purchase of other fixed assets	14	(391)	(170)
Grants received		6,822	7,405
Grant repayments		(354)	-
Finance income		<u>7</u>	<u>17</u>
		(14,595)	(566)
Cash flow from financing activities			
Finance charges		(3,971)	(3,915)
Financing draw down		11,000	500
Financing repayment		<u>(2,250)</u>	<u>(5,000)</u>
		4,779	(8,415)
Net change in cash and cash equivalents		<u>618</u>	<u>(1,348)</u>
Cash and cash equivalents at beginning of year		<u>714</u>	<u>2,062</u>
Cash and cash equivalents at end of year		<u>1,332</u>	<u>714</u>
Cash and cash equivalents at 31 March			
Cash		<u>1,332</u>	<u>714</u>
		<u>1,332</u>	<u>714</u>

The notes on pages 20 to 42 form part of these financial statements.

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

1. Legal status

Loretto Housing Association Limited ("Loretto" or "the Association") 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 principal activity is the provision of social housing and associated housing management services. The registered office is Wheatley House, 25 Cochrane Street, Glasgow G1 1HL. The Association 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 preparation

The financial statements are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2024, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 ("SORP 2018"), issued by the National Housing Federation and under FRS 102. The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

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

The Board, after reviewing Loretto's budgets for 2025/26 and the financial position as forecast in the 30-year business plan and being satisfied that the Group Board has undertaken a similar review, is of the opinion that, taking account of severe but plausible downsides, the Group and Loretto have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

- Rent and service charge receivable – arrears and bad debt assumptions have been increased to allow for customer difficulties in making payments and budget and business plan scenarios have been updated to take account of potential future changes in rent increases;
- Development activity – budget and business plan scenarios have taken account of project delays, fluctuating labour costs, supply chain instability and availability of grant funding impacting new build;

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

2. Accounting policies (continued)

- Maintenance costs – budget and business plan scenarios have been modelled to take account a revised profile of repairs and maintenance expenditure, including the effect of inflation and increased demand;
- Investment in existing homes– forecast expenditure has been remodelled to take account of additional investment spend to deliver future energy efficiency improvements;
- Liquidity – notwithstanding the entity's net current liability position of £12.1m, of which the majority of current liabilities comprises deferred income of £6.2m, the entity's current available cash of £1.3m and access to undrawn loan facilities of £324.4m, are available to Loretto and other Group RSLs, gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period;
- The Group and Association's ability to withstand other adverse scenarios such as higher interest rates and inflation.

The Board believe the Group and Loretto have sufficient funding in place and are satisfied the Group and Loretto will be in compliance with its debt covenants even in severe but plausible downside scenarios.

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

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

Accounting judgements and estimations

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

Judgements have been made in:

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

Related party disclosures

Loretto 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, Loretto 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.

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

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 there is entitlement, any performance conditions attached have been met, it is probable income will be received and the amount can be realised reliably. Income received in advance is treated as deferred income.

Grant income

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

Bad and doubtful debts

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

Supported housing

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation.

Financial Instruments

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

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 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. As part of the transfer of engagements from Cube Housing Association, the assets and liabilities attributable to Cube in SHAPS transferred to Loretto on 31 May 2021. The Cube section of the SHAPS Defined Benefit Scheme had been closed to members on 1 September 2014.

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

2. Accounting policies (continued)

Pensions (continued)

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, Loretto's share of the scheme assets and liabilities have been separately identified and are included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Loretto'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 2018, Loretto 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 ("EUUV-SH") basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation.

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

- **Depreciation and Impairment**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Group's asset strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, Loretto has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

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

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

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

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

2. Accounting policies (continued)

• Depreciation and Impairment (continued)

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

• New Build

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

The 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.

• Non-social housing properties

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

New Build Grant and other capital grants

New build Grant is received from central government and local authorities and contributes to the costs of housing properties.

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

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

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

2. Accounting policies (continued)

Other tangible fixed assets

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

	Economic Life
Furniture, fittings and office equipment (cost)	5 years
Computer equipment (cost)	3 years
Office Improvements (cost)	10 years
Community infrastructure (cost)	20 years

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

Provisions

Provision is made 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

Loretto 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 Association 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 is registered for VAT and is a member 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

3. Particulars of turnover, operating costs and operating surplus

	2025			2024	
	Turnover £'000	Operating Costs £'000	Other gains/ (losses) £'000	Operating surplus/ (deficit) £'000	Operating surplus/ (deficit) £'000
Affordable letting activities (note 4)	22,622	(13,960)	-	8,662	3,319
Other activities (note 5)	1,247	(1,280)	-	(33)	(410)
Gain/(loss) on investment properties (note 15)	-	-	140	140	(78)
Total	23,869	(15,240)	140	8,769	2,831
Total for previous reporting period	17,321	(14,412)	(78)	2,831	

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

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

	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	2025 Total £'000	2024 Total £'000
Rent receivable net of service charges	12,058	2,869	50	14,977	13,005
Service charges	801	10	-	811	1,236
Gross income from rents and service charges	12,859	2,879	50	15,788	14,241
Less rent losses from voids	(146)	(178)	-	(324)	(302)
Net income from rents and service charges	12,713	2,701	50	15,464	13,939
Grants released from deferred income – new build	7,120	-	-	7,120	2,223
Other revenue grants	38	-	-	38	67
Total turnover from affordable letting activities	19,871	2,701	50	22,622	16,229
Management and maintenance administration costs	(687)	(125)	(5)	(817)	(964)
Service costs	(676)	(8)	-	(684)	(727)
Planned and cyclical maintenance including major repairs costs	(2,200)	(400)	(16)	(2,616)	(1,972)
Reactive maintenance costs	(2,373)	(432)	(17)	(2,822)	(2,475)
Bad debts – rents and service charges	(114)	(21)	(1)	(136)	(122)
Depreciation of affordable let properties	(5,818)	(1,054)	(13)	(6,885)	(6,650)
Operating costs from social letting activities	(11,868)	(2,040)	(52)	(13,960)	(12,910)
Operating surplus from social lettings	8,003	661	(2)	8,662	3,319
Operating surplus from social lettings for the previous reporting period	2,472	848	(1)	3,319	

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

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

	Grants from Scottish Ministers £'000	Other Income £'000	Total Turnover £'000	Operating Costs £'000	2025 Operating Surplus / (Deficit) £'000	2024 Operating Surplus / (Deficit) £'000
Corporate services	-	-	-	(245)	(245)	(207)
Depreciation – non-social housing	-	-	-	(147)	(147)	(132)
Development and construction of property activities	-	-	-	-	-	(59)
Investment property activities	-	92	92	-	92	87
Organisation restructuring	-	-	-	(23)	(23)	(70)
Other income	-	641	641	-	641	131
Support activities*	-	514	514	(652)	(138)	213
Wider role activities to support the community	-	-	-	(213)	(213)	(373)
Total from other activities	-	1,247	1,247	(1,280)	(33)	(410)
Total from other activities for the previous reporting period	-	1,092	1,092	(1,502)	(410)	

*A review of the allocation of income relating to support activities was carried out in 2024/25. This resulted in a change in allocation between support activities in note 5 and rent and service charge income in note 4. This review did not result in any changes to the prior year's reported amounts.

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

6. Board members' emoluments

No Board members received remuneration with £54 (2024: £49) paid for reimbursed expenses.

7. Key management personnel

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

	2025	2024
	£ 000	£ 000
Aggregate emoluments payable to key management (excluding pension contributions)	28	25

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

More than £nil but not more than £10,000	6	6
--	---	---

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

The senior officers are eligible to join the Strathclyde Pension Fund and employer's contributions are paid on the same basis as other members of staff. Pension contributions of £2k (2024: £5k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2025.

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

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

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

8. Employees

	2025	2024
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was	68	72
The average total number of employees employed during the year was	69	73

	2025	2024
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,858	2,867
Social security costs	287	290
Pension costs	250	258
FRS 102 pension adjustment	38	37
	<u>3,433</u>	<u>3,452</u>

9. Finance income

	2025	2024
	£'000	£'000
Bank interest receivable on deposits	<u>7</u>	<u>17</u>

10. Finance charges

	2025	2024
	£'000	£'000
Interest on intra group loans	3,376	3,718
Other financing costs	40	35
Net interest charges on pension liability	159	84
	<u>3,575</u>	<u>3,837</u>

11. Auditor's remuneration

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

	2025	2024
	£'000	£'000
Audit of these financial statements	<u>60</u>	<u>60</u>

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

12. Financial commitments

Capital commitments

All capital commitments were as follows:

	2025	2024
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	11,010	15,066
Expenditure authorised by the Board but not contracted	6,872	9,650
	<u>17,882</u>	<u>24,716</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

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

	2025	2025	2024	2024
	£'000	£'000	£'000	£'000
	Land and	Other	Land and	Other
	Buildings		Buildings	
Operating leases that fall due:				
Within one year	13	37	13	50
In the second to fifth years inclusive	22	-	38	37
	<u>35</u>	<u>37</u>	<u>51</u>	<u>87</u>

Lease commitments under FRS 102 include the timing of the full payment due under contract.

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

13. Social Housing Properties

	Social Housing Properties £'000	Shared Ownership Properties £'000	Housing Under Construction £'000	Total £'000
Valuation				
At 1 April 2024	153,314	1,000	6,661	160,975
Additions	3,182	-	18,056	21,238
Disposals	(107)	-	-	(107)
Transfers	13,315	-	(13,315)	-
Revaluation	(16,245)	-	-	(16,245)
At 31 March 2025	<u>153,459</u>	<u>1,000</u>	<u>11,402</u>	<u>165,861</u>
Accumulated Depreciation				
As at 1 April 2024	-	-	-	-
Charge for year	6,770	13	-	6,783
Disposals	(5)	-	-	(5)
Revaluation	(6,765)	(13)	-	(6,778)
At 31 March 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value - Valuation				
At 31 March 2025	<u>153,459</u>	<u>1,000</u>	<u>11,402</u>	<u>165,861</u>
At 31 March 2024	<u>153,314</u>	<u>1,000</u>	<u>6,661</u>	<u>160,975</u>
Net Book Value - Cost				
At 31 March 2025	<u>219,107</u>	<u>512</u>	<u>11,402</u>	<u>231,021</u>
At 31 March 2024	<u>209,485</u>	<u>525</u>	<u>6,661</u>	<u>216,671</u>

Total expenditure on repairs and capital improvements in the year on existing properties was £8,620k (2024: £6,356k). Of this, repair costs of £5,438k (2024: £4,447k) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £3,182k (2024: £1,918k) shown as additions to core stock on the Statement of Financial Position.

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

13. Social Housing Properties (continued)

Additions to core stock in the year of £3,182k (2024: £1,918k) in the year include:

- £2,264k for component additions including:
 - £69k on bathrooms;
 - £177k on central heating boiler, including smoke and heat detectors;
 - £908k on external wall finishes
 - £233k on internal works and common areas;
 - £214k on kitchens;
 - £30k on mechanical, electrical and plumbing;
 - £177k on structure and roofs; and
 - £456k on windows and doors.
- The remaining balance of £918k of additions to existing properties not associated with a specific component includes £456k on void improvements, £113k of medical adaptations, £349k of capitalised repairs.

Additions to housing under construction include capitalised interest costs of £559k (2024: £165k). Interest has been capitalised at the weighted average interest cost for the Association of 4.84% (2024: 4.64%).

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors ("RICS") to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2025 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.50-7.00% have been used depending on the property archetype (2024: 5.75-7.00%). The valuation assumes a real rental income growth of 0.5% for the first year, followed by long-term real rental growth of 1.0% per annum for the Social Rented units. Both mid-market and full market rent properties are assumed at a long-term real rental income growth of 0.50% throughout. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

The number of units of accommodation (excluding unlettable voids) held by the Association at 31 March 2025 is shown below:

	2025 – number				2024 – 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	2,373	-	-	2,373	2,310	-	-	2,310
Supported Housing	215	170	47	432	215	170	47	432
Shared Ownership	17	-	-	17	17	-	-	17
Total Social Housing	2,605	170	47	2,822	2,542	170	47	2,759

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.

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

13. Social Housing Properties (continued)

The housing valuation excludes properties that the Association manages on behalf of others but does not own. The Association owns and manages 30 office properties within supported housing developments and these are included in the valuation and reported in supported housing units above.

14. Other Tangible Fixed Assets

	Community Infra- structure £'000	Office Premises £'000	Office Improvements £'000	Furniture, fittings & Equipment £'000	Computer Equipment £'000	Total £'000
Cost or valuation						
At 1 April 2024	747	595	1,092	160	501	3,095
Additions	333	-	-	58	-	391
Revaluation	-	-	-	-	-	-
At 31 March 2025	1,080	595	1,092	218	501	3,486
Accumulated Depreciation						
At 1 April 2024	88	-	1,000	128	501	1,717
Charge for year	46	42	47	12	-	147
Revaluation	-	(42)	-	-	-	(42)
At 31 March 2025	134	-	1,047	140	501	1,822
Net Book Value						
At 31 March 2025	946	595	45	78	-	1,664
At 31 March 2024	659	595	92	32	-	1,378

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

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

15. Investment Properties

	Properties held for mid market rent £'000
Valuation	
At 1 April 2024	1,190
Additions	-
Revaluation taken to operating surplus	140
At 31 March 2025	<u>1,330</u>
Net Book Value	
At 31 March 2025	<u>1,330</u>
At 31 March 2024	<u>1,190</u>

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

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

	2025	2024
Mid-Market Rent Properties		
Total Units	17	17

16. Debtors

	2025 £'000	2024 £'000
Arrears of rent & service charges	462	551
Adjustment to discount arrears balances with payments plans to NPV	(5)	(6)
Less: Provision for bad and doubtful debts	<u>(388)</u>	<u>(379)</u>
	69	166
Prepayments and accrued income	-	3
Other Debtors	1,292	2,650
Due from other group companies	<u>281</u>	<u>43</u>
	<u>1,642</u>	<u>2,862</u>

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

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

17. Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Trade creditors	132	254
Accruals	1,407	2,581
Deferred income (note 18)	6,156	3,611
Rent and service charges received in advance	1,441	1,294
Tax and social security	71	67
Other creditors	560	418
Due to other group companies	5,276	3,562
	15,043	11,787

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

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

	2025	2024
	£'000	£'000
Deferred income	1,897	5,132
Amount due to group company	86,682	77,928
	88,579	83,060

Bank lending facility

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

This facility is provided through Wheatley Funding No. 1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited. At the 31 March 2025 Loretto had access to an intra-group facility of £86.75m, secured on its housing stock. Interest in the year has been charged at 4.84% (2024: 4.73%).

Loretto 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.

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

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

Borrowings are repayable as follows

	2025 £'000	2024 £'000
In less than one year	-	-
In more than one year but less than five years	-	1
In more than five years	86,682	77,927
	<u>86,682</u>	<u>77,928</u>

Deferred income

	New Build grants £'000	Other grants/ income £'000	Total £'000
Deferred income as at 1 April 2024	8,740	3	8,743
Additional income received	6,784	-	6,784
Released to Statement of Comprehensive Income	(7,474)	-	(7,474)
Deferred income as at 31 March 2025	<u>8,050</u>	<u>3</u>	<u>8,053</u>

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

Deferred income to be released to the Statement of Comprehensive Income:	2025 £'000	2024 £'000
In less than one year (note 17)	6,156	3,611
In more than one year but not less than five years	1,897	5,132
In more than five years	-	-
	<u>8,053</u>	<u>8,743</u>

19. Share Capital

Shares of £1 each issued and fully paid	£
At 1 April 2024	63
Issued in year	5
Written off in year	<u>(35)</u>
At 31 March 2025	<u>33</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.

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

20. Pensions

Pensions Trust Scottish Housing Association Pension Scheme – Defined Benefit

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

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

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

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

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

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

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The TPT benefits review is ongoing, with legal opinion being sought on whether pre-2003 benefits should have continued to receive pension increases in line with RPI inflation, rather than being switched to CPI inflation from 2011 onwards. The choice of inflation measure can have an impact on members' benefits because RPI is generally expected to be higher than CPI. Guidance from the Court, and therefore whether any increases to members benefits will be needed, is not expected before late 2025.

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

20. Pensions (continued)

Defined Benefit assets and obligations (continued)

The assumptions that have the most significant effect on the results of the valuation of the 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 2025	31 March 2024
Discount rate	5.80%	4.80%
Future salary increases	2.20%*	2.30%
Inflation (CPI)	2.80%	2.80%

* future salary increases assumed at 3.30% p.a. for the first year, 2.50% in year two and 2.00% p.a. thereafter

In valuing the liabilities of the pension fund at 31 March 2025, mortality assumptions are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions in 2025 and 2024 are equivalent to expecting a 65-year old to live for a number of years as follows:

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

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 Loretto has been allocated a share of cost under an agreed policy throughout the periods shown.

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

20. Pensions (continued)

Defined Benefit assets and obligations (continued)

Movements in present value of defined benefit obligation

	2025 £'000	2024 £'000
Opening defined benefit obligation	25,698	25,954
Interest cost	1,204	1,215
Actuarial (gains)	(2,872)	(588)
Estimated benefits paid	(1,249)	(920)
Administration costs	38	37
Closing defined benefit obligation	<u>22,819</u>	<u>25,698</u>

Movements in fair value of plan assets

	2025 £'000	2024 £'000
Opening fair value of plan assets	22,394	24,196
Interest income	1,045	1,131
Expected return on plan assets	(2,182)	(2,050)
Contributions by the employer	38	37
Estimated benefits paid	(1,249)	(920)
Closing fair value of plan assets	<u>20,046</u>	<u>22,394</u>
Net Liability	<u>(2,773)</u>	<u>(3,304)</u>

Expense recognised in the statement of comprehensive income

	2025 £'000	2024 £'000
Current service cost	-	-
Losses on settlements or curtailments	-	-
Administration costs	38	37
Net interest on defined benefit obligation	159	84
	<u>197</u>	<u>121</u>

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £690k gain (2024: £1,462k loss).

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

20. Pensions (continued)

Defined Benefit assets and obligations (continued)

The major categories of scheme assets were as follows:

Association	2025 £'000	2024 £'000
Equities	2,322	2,576
Corporate bonds	-	-
Property	1,000	1,114
Alternatives (other)	16,617	17,222
Cash	107	1,482
	<u>20,046</u>	<u>22,394</u>
 Actual return on plan assets	 (1,137)	 (919)

21. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102. The Association retains a register of members' interests. The following interests in related parties are required to be declared:

Tenant Board Members

The following members 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.

Alex McKay

Pauline Gilmore – resigned 29 May 2024

Graham McInnes – appointed 19 August 2024

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

	2025 £'000
Rent charged during the year	9
Arrear balances outstanding at 31 March 2025	-

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

21. Related party transactions (continued)

Other related parties -

Related party interests and transactions during the year are as follows:

	Paid in the year	Year end balance
	£'000	£'000
2025		
Pensions Trust – Scottish Housing Association Pension Scheme	38	37

All transactions were on commercial terms and at arm's length.

22. Cash flow analysis

Cash flow from operating activities

	2025	2024
	£'000	£'000
(Deficit)/ surplus for the year	(4,224)	13,747
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	7,032	6,782
Decrease/ (increase) in trade and other debtors	1,220	(606)
Increase in trade and other creditors	711	838
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(7,158)	(2,290)
Interest payable	3,575	3,837
Interest received	(7)	(17)
Decrease/(increase) in valuation of properties	9,285	(14,658)
Net cash inflow from operating activities	10,434	7,633

23. Ultimate parent organisation

Loretto is a “wholly owned” subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the 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.

SUPPLEMENTARY INFORMATION

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