

Loretto Housing

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended

31 March 2020

Loretto Housing Association Limited

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

(Scottish Housing Regulator Registration No. 154)

(Scottish Charity No. SC07241)

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2020.

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 Group").

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.

During 2019/20 Loretto Care entered into an agreement to take a transfer of care activities from Barony Housing Association Limited, a fellow subsidiary of Wheatley Housing Group. The transfer took place after the end of the 2019/20 financial year on 1 April 2020. This transfer brings together all care activities of Wheatley Group into Loretto Care and in recognition of this, the company has traded under the name of Wheatley Care since 1 April 2020.

OPERATING REVIEW

We continued to perform well across a range of the measures we report annually to the Scottish Housing Regulator, built more new homes in our communities, carried out further significant investment in our existing homes and supported our customers in a range of ways.

We are rightly proud of our achievements at Loretto, however the unprecedented events of March 2020 did cast a shadow over the year. The coronavirus crisis challenged our communities, our tenants, staff and our business in ways we could never have imagined.

Our staff responded quickly and effectively, ensuring vital support for our communities and protecting our customers and business from some of the worst impacts of the pandemic.

A new service model was designed and launched within the first two weeks. Our office was closed in line with government regulations. But many of our employees were equipped to work from home, supported by Wheatley Group's I.T. team working around the clock.

A virtual call centre was created, with advisors at home providing a 24/7 service, including a specialist team helping people deal with all impacts of the crisis.

A restricted range of emergency and essential services was put in place, with repairs and maintenance staff and Neighbourhood Environmental Teams continuing to work in Loretto communities, adhering strictly to safe-working practices and social-distancing measures.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

Specific responses to the pandemic were launched across the Group including our *EatWell* emergency food service which expanded significantly to deliver food parcels to hundreds of Loretto households.

The crisis necessitated a halt to many of our activities including our investment and new-build programmes. Nevertheless, we finished the financial year having completed our ambitions set out in our five-year strategy Investing in our Futures.

Highlights for the year included:

Homes and communities

Building new homes

Loretto Housing built 56 new affordable homes over the year, all of which were for social rent.

Our completed new homes were:

- 28 at Buckley Street in Glasgow; and
- 28 at Muirhall Street in Coatbridge.

Investing in our homes

In 2019/20, we delivered £1,646k of planned improvements in our homes and communities. This included:

- £570k on new kitchens for 84 tenants;
- £208k on new heating systems, fencing and doors; and
- £336k on new bathrooms and showers for 101 tenants.

Improving our neighbourhoods

Creating clean, green and safe neighbourhoods where people are proud to live remained one of our priorities.

Wheatley's Community Improvement Partnership ("CIP") – made up of seconded police and fire officers and our own staff – continued to work with Loretto communities to tackle anti-social behaviour, crime and fire safety.

Our refreshed *Stay Safe* campaign saw more than 3,000 home fire safety visits carried out across Wheatley communities in 2019/20, with the total number of accidental fires in Wheatley homes falling by 10%.

Our repairs service

We continued our mission to improve our repairs and maintenance service.

Working with City Building (Glasgow) LLP, jointly owned since 2017 by our parent company, we launched our *MyRepairs* service in September 2019 with the first phase of improvements for customers.

These included:

- Setting up a specialist repairs team within our customer contact centre, with full training delivered to 34 specialist call-handlers;
- Introducing 'next day appointments service and an 'appointment reminder texts' to customers to help us reduce 'no access' levels; and

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

- New guidance on medical adaptations, cyclical maintenance, the consent process for owners (including a review of communications with owners) and stair lighting renewals.

Our improving performance

We continued to see high levels of satisfaction among our customers.

A total of 89% of Loretto tenants satisfied with the quality of their home, while 93% of Loretto tenants were satisfied with repairs carried out in their homes, up from 91%.

The percentage of tenants satisfied with the quality of their home stood at 89%, while 84% of Loretto tenants were satisfied with overall service provided by their landlord.

We will be working closely with our customers over the next 12 months to ensure they get as much value from their home and our services as they can.

Supporting our customers

More than a fifth of Wheatley customers are now on Universal Credit ("UC"), an increase of almost 10% from last year.

We continued to support our customers through the challenges they faced, particularly around the five-week delay in getting their first payment.

This year we brought our money advice support staff together into a new dedicated UC team to provide even more targeted support, while we also seconded a staff member from the Department of Work and Pensions ("DWP") to help improve the delivery of the benefit.

Our advisors helped customers, in Loretto and the other housing associations in Wheatley, claim over £11m in benefits they were entitled to last year. Over the next 12 months we will continue to do all we can to support customers cope with the difficulties posed by UC.

We continued to support our customers to get online. The past year saw a 29% increase in the numbers of customers engaging with us online.

Working with Wheatley Foundation and Wheatley 360, we:

- created 10 opportunities for people from our homes to get into work or training with five of our customers benefiting;
- supported 76 new tenants with household budgeting, running a home and settling into their community through *My Great Start*;
- put food on the table in 21 homes through our *EatWell* service;
- gave 42 tenants up-cycled furniture through our *Home Comforts* service; and
- provided free books every month to 43 children under five in our homes through the Dolly Parton Imagination Library initiative.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

Loretto Care

It has been an extraordinary year for Loretto Care. The unprecedented events in March 2020 challenged our staff and the people we work for as never before. But while the coronavirus crisis overshadowed the year, and will continue to do so for a long time to come, we will always be proud of the way our staff responded.

Together with the other partner organisations in Wheatley, we moved quickly to support our customers, many of whom are particularly vulnerable and for whom these circumstances became exceptionally difficult. Staff continued to work across all services to provide essential support to the people we work for, all while adhering strictly to safe-working practices and social distancing measures.

The Group's Procurement team stepped up, sourcing and acquiring adequate levels of Personal Protective Equipment, ensuring neither colleagues nor customer were put at risk.

We finished the financial year having completed our ambition to join forces more formally with Barony's care services and create a single care organisation for the Group – Wheatley Care. Brining our services and staff together gives us a stronger future and means we are better able to share expertise and experience to deal with the external challenges facing our sector.

Highlights for the year at Loretto Care included:

Supporting people achieve their outcomes

In 2019/20, Loretto Care supported 5,974 people across our services, helping them get the most out of their lives and achieve their own positive outcomes.

Tenancy Support Service

Our Tenancy Support Service ("TSS") continued to help vulnerable tenants of Wheatley's social landlords maintain their tenancies through specialised support ranging from money and budgeting advice through to help with addictions and health and wellbeing.

The TSS service supported 1,497 tenants over the year, with the vast majority saying they had achieved positive outcomes as a result.

Livingwell services

Wheatley's *Livingwell* services helps older tenants live independently in their own homes for longer, supported by housing staff as well as our care staff.

A total of 941 tenants were supported over the year at 29 *Livingwell* complexes in Glasgow. They enjoyed a range of activities such as language classes, line dancing, quizzes and art sessions, to help them get the most out of life and reduce isolation.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

There were 405 peer volunteers over the year.

All our Self Directed Support ("SDS") services continued to grow and we worked closely with Glasgow City Council on its Alliance programme, as we as Housing First in Stirling and Glasgow, to tackle homelessness and rough-sleeping.

Managing complaints

We listen carefully to complaints and use the feedback to further improve our services. There were 12 complaints received this year, up from 10 the previous year, and four of those complaints were upheld.

Care inspections

A total of 13 of our services were inspected by the Care Inspectorate in 2019/20, with 10 achieving grades of 'five' or above. This figure of 77% of services achieving a grade of 'five' or above is significantly higher than the sector average of 47%.

Community engagement

We continued to support the people we work for to get the most out their community through a wide range of activities to improve physical health, mental wellbeing, reduce social isolation and increase access to employment, volunteering and education.

The Ensemble

Our music project The Ensemble went from strength to strength this year.

The Ensemble is a unique engagement opportunity involving professional musicians collaborating with people we work for to write songs and work towards performance to help people engage, build their confidence and improve their mental health and resilience.

With funding guaranteed for another year, the Ensemble team are working towards publishing a CD with songs written by the people we work for.

Knightswood Connects

Our Knightswood Connects project this year saw 200 older people in a Glasgow neighbourhood develop closer connections to their community as well as enjoy opportunities to improve their health and wellbeing. Activities ranging from art and music to exercise and gardening have had a very positive impact on their lives.

Independent Auditor

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

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW

Income

The Loretto Group's turnover for the year ended 31 March 2020 totalled £26.3m (2019 £28.5m). The main source of income for the Loretto Group includes the provision of care and support services of £12.8m (2019: £12.5m). The remainder of the Loretto Group's income is primarily derived from the social rental of housing property, with net rental income of £6.4m (2019: £5.6m).

Expenditure

Operating costs of the Loretto Group in the year totalled £20.5m (2019: £20.6m), largely comprising of the following:

- Care and support activity costs of £12.8m (2019: £12.2m), which are primarily employee costs.
- Management and maintenance administration costs associated with affordable letting activities totalling £0.5m (2019: £0.8m).
- £0.7m of reactive maintenance costs to our social letting properties (2019: £0.7m).
- £0.7m of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2019: £0.7m)
- Depreciation expenditure for social housing and other assets of £3.4m (2019: £2.8m).

The Loretto Group generated an operating surplus of £5.9m or 23% (2019: £7.8m or 28%) after a £0.1m gain on investment properties (2019: £0.2m loss), relating to the valuation of mid-market rent units.

Other expenditure in the year includes £1.8m of interest (2019: £0.8m).

Total comprehensive income for the year of £4.0m (2019: £2.4m) includes a decrease in valuation of social housing properties of £1.5m (2019: decrease of £3.7m), an increase in valuation of office properties of £0.03m (2019: £0.2m) and a gain of £1.3m (2019: loss of £1.1m) in respect of the annual actuarial valuation of the SHAPS pension scheme.

Cashflows

The cash flow statement of the Loretto Group is shown on page 21. Loretto Group generated £0.8m from operating activities (2019: £1.5m). Cash and cash equivalents in the year decreased by £0.7m (2019: £1.2m), primarily due to the timing of intra-group loan drawdowns and settlement of intra-group balances.

Rental debtors

At the statement of financial position date, the Loretto Group had rent arrears of £0.5m offset by bad debt provisions of £0.3m (2019: £0.4m and £0.2m respectively).

Net current assets

The Loretto Group's net current assets at 31 March 2020 totalled £2.2m, an increase of £6.3m in the year from a net current liability in 2019 of £4.1m, which was the result of the release of deferred Housing Association Grant to the Statement of Comprehensive Income on the completion of new build properties. The Association has access to funding through a Group facility with Wheatley Funding No1 Limited ("WFL1") which ensures the Loretto Group does not default on liabilities as they fall due and enables the Loretto Group to further invest in its existing stock and on its new build programme.

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW (continued)

Capital structure and treasury

The Loretto 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 18. The Association has access to an intra-group facility of £37.6m. Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes

During the year we invested £1.6m in improving tenant's homes. At the year-end our housing stock (including housing under construction) was valued at £60.2m (2019: £59.8m).

New Build

During the financial year we completed 56 new build properties for social rent across two developments. Our new build programme invested £3.5m in the year. The Business Plan includes a further projected spend of £30.8m 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 reserve includes historic grant received in respect of the following:

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

These grants have been invested for the specific purposes prescribed in the related grant conditions, with this activity typically resulting in an increase in the value of housing properties in the 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.


DIRECTORS' REPORT (Continued)

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


26 August 2020

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	First Joined Board	Re-elected/ re-appointed	Left Board	Committees/Group Directorships
Douglas Robin (chair)	31 October 2012	19 September 2016	-	Wheatley Solutions Wheatley Group Development Committee
Alex McKay*	15 June 2015	21 September 2015	-	-
Alex Robertson	15 June 2015	21 September 2015	-	-
Allan McGinness*	10 August 2015	21 September 2015	-	-
Cecil Buekor*	18 September 2017	-	19 August 2019	-
Jean Fyfe	18 September 2017	-	-	The Wheatley Foundation Limited
Nesta Gilliland	18 September 2017	-	-	-
Jacqui Mallin	18 September 2017	-	-	-
Pauline Gilmore*	18 September 2017	-	-	-
Archie Morrison	10 December 2019	-	-	-

* 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.

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.

DIRECTORS' REPORT (Continued)

DIRECTORS' STATEMENT ON INTERNAL FINANCIAL CONTROL

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

- The reliability of financial information within the 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 FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY

The board is responsible for preparing the Boards' 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 that law the Board has 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 the income and expenditure of the association for that period.


In preparing the associations financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and 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, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, 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


26 August 2020

Wheatley House
25 Cochrane Street
Glasgow G1 1HL

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

Opinion

We have audited the financial statements of Loretto Housing Association Limited (“the group”) for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, Association Statement of Comprehensive Income, Group Statement of Changes in Reserves, Association Statement of Changes in Reserves, Group Statement of Financial Position, Association Statement of Financial Position, 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 group and the association as at 31 March 2020 and of the group’s and the association’s 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 properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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 group or the association or to cease its operations, and as they have concluded that the group and the association’s financial position means that this is realistic. The Board has also concluded that there are no material uncertainties that could have cast significant doubt over the 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”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board’s conclusions, we considered the inherent risks to the group’s and the association’s business model and analysed how those risks might affect the group’s and the association’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the group or the association will continue in operation.

Other information

The association’s Board is responsible for the other information, which comprises the Directors’ Report and the Directors’ 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 any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

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

Matters on which we are required to report by exception

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

- the group has not kept proper books of account; or
- the group 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.
- We have nothing to report in these respects.

Board's responsibilities

As more fully explained in the statement set out on page 12, the association's Board is responsible for: the preparation of the 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 group's and 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 group or 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 2014, and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the group and the association 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 group and the association as a body, for our audit work, for this report, or for the opinions we have formed.


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

KPMG

319 St Vincent Street

Glasgow, G2 5AS

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
 MARCH 2020 - GROUP**

	Notes	Total 2020 £'000	Total 2019 £'000
Turnover	3	26,276	28,507
Operating expenditure	3	(20,502)	(20,552)
Other gains and losses	15	149	(165)
		5,923	7,790
Operating surplus		5,923	7,790
Finance income	9	1	1
Finance charges	10	(1,752)	(813)
Decrease in valuation of housing properties		(1,524)	(3,691)
Increase in valuation of office properties		27	199
Surplus for the year		2,675	3,486
Actuarial gain/(loss) in respect of pension schemes		1,331	(1,070)
Total comprehensive income for the year		4,006	2,416

All amounts relate to continuing operations.

The notes on pages 22 to 47 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020 – ASSOCIATION

	<i>Note</i>	Total 2020 £'000	Total 2019 £'000
Turnover	3	13,700	15,982
Operating expenditure	3	(8,153)	(8,296)
Other gains and losses	15	149	(165)
Operating surplus		5,696	7,521
Finance income	9	1	1
Finance charges	10	(1,734)	(799)
Decrease in valuation of housing properties		(1,524)	(3,691)
Increase in valuation of office properties		27	199
Surplus for the year		2,466	3,231
Actuarial gain/(loss) in respect of pension schemes		779	(701)
Total comprehensive income for the year		3,245	2,530

All amounts relate to continuing operations.

The notes on pages 22 to 47 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31
MARCH 2020 – GROUP**

	Total Reserves £'000
Balance at 1 April 2018	19,050
Total comprehensive income	2,416
Balance at 1 April 2019	<u>21,466</u>
Total comprehensive income	4,006
Balance at 31 March 2020	<u>25,472</u>

All amounts relate to continuing operations.

The notes on pages 22 to 47 form part of these financial statements.

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH
2020 – ASSOCIATION**

	Total Reserves £'000
Balance at 1 April 2018	17,551
Total comprehensive income	2,530
Balance at 1 April 2019	<u>20,081</u>
Total comprehensive income	<u>3,245</u>
Balance at 31 March 2020	<u>23,326</u>

All amounts relate to continuing operations.

The notes on pages 22 to 47 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 – GROUP

	<i>Notes</i>	2020 £'000	2019 £'000
Fixed assets			
Social housing properties	13	60,193	59,752
Other tangible fixed assets	14	1,179	1,343
Investment properties	15	1,299	1,150
		62,671	62,245
Current assets			
Trade and other debtors	16	3,804	1,982
Cash and cash equivalents		2,334	3,012
		6,138	4,994
Creditors: amounts falling due within one year	17	(3,946)	(9,064)
Net current assets/(liabilities)		2,192	(4,070)
Total assets less current liabilities		64,863	58,175
Creditors: amounts falling due after more than one year	18	(38,718)	(33,751)
Provisions for liabilities			
Pension liability	20	(673)	(2,958)
Total net assets		25,472	21,466
Reserves			
Share capital	19	-	-
Revenue reserve including pension reserve		25,472	21,466
Total reserves		25,472	21,466

These financial statements were approved by the Board on 17 August 2020 and were signed on its behalf on 26 August 2020 by:

Chair

Board Member

Secretary

The notes on pages 22 to 47 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 -
 ASSOCIATION**

	<i>Notes</i>	2020 £'000	2019 £'000
Fixed assets			
Social housing properties	13	60,193	59,752
Other tangible fixed assets	14	1,179	1,343
Investment properties	15	1,299	1,150
		62,671	62,245
Current assets			
Trade and other debtors	16	2,218	1,062
Cash and cash equivalents		614	862
		2,832	1,924
Creditors: amounts falling due within one year	17	(2,881)	(8,115)
Net current liabilities		(49)	(6,191)
Total assets less current liabilities		62,622	56,054
Creditors: amounts falling due after more than one year	18	(38,718)	(33,751)
Provisions for liabilities			
Pension liability	20	(578)	(2,222)
Total net assets		23,326	20,081
Reserves			
Share capital	19	-	-
Revenue reserve including pension reserve		23,326	20,081
Total reserves		23,326	20,081

These financial statements were approved by the Board on 17 August 2020 and were signed on its behalf on 26 August 2020 by:

Chair

Board Member

Secretary

The notes on pages 22 to 47 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 - GROUP

	<i>Notes</i>	2020 £'000	2019 £'000
Net cash generated from operating activities	22	776	1,461
Cash flow from investing activities			
Improvement of properties – housing stock	13	(1,607)	(1,376)
New build	13	(3,382)	(12,012)
Purchase of other fixed assets	13	-	(96)
Grants received		1,816	5,385
Finance income		1	1
		(3,172)	(8,098)
Cash flow from financing activities			
Finance charges		(1,784)	(1,384)
Financing draw down		3,502	6,800
		1,718	5,416
Net change in cash and cash equivalents		(678)	(1,221)
Cash and cash equivalents at 1 April		3,012	4,233
Cash and cash equivalents at 31 March		2,334	3,012

The notes on pages 22 to 47 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 - ASSOCIATION

	<i>Notes</i>	2020 £'000	2019 £'000
Net cash generated from operating activities	22	1,348	1,214
Cash flow from investing activities			
Improvement of properties – housing stock	13	(1,607)	(1,376)
New build	13	(3,382)	(12,012)
Purchase of other fixed assets	13	-	(96)
Grants received		1,695	5,304
Finance income		1	1
		(3,293)	(8,179)
Cash flow from financing activities			
Finance charges		(1,805)	(1,384)
Financing draw down		3,502	6,800
		1,697	5,416
Net change in cash and cash equivalents		(248)	(1,549)
Cash and cash equivalents at 1 April		862	2,411
Cash and cash equivalents at 31 March		614	862

The notes on pages 22 to 47 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 principal 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 preparation

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 2019, 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 which the Board considers to be appropriate for the following reasons.

The Association prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in February 2020 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. Following the outbreak of Covid-19 the Association has revised forecasts based on updated scenarios, including severe but plausible downsides.

The Board, after reviewing the Association budgets for 2020/21 and the Association’s financial position as forecast in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Association has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). In reaching this conclusion, the Board has considered the following factors:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

- 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;
- The property market – budget and business plan scenarios have taken account of delays in new build handovers;
- Maintenance costs – budget and business plan scenarios have been modelled to take account revised profiles of repairs and maintenance expenditure, with major works being phased into future years;
- Development activity – forecast development expenditure has been modelled to take account of potential revised investment profiles;
- Liquidity – current available cash of £0.6m and access to undrawn loan facilities arranged through WFL1 of £310.5m, which are available to Loretto and certain 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 increases in the number of void properties.

The Board believe the Group and Association have sufficient funding in place and expect the Association to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board is confident that the Group and Association 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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 ("EUVS") 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 2020

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.

• **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting policies (continued)

Housing Association Grant and other capital grants

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

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

Properties are disposed of under the 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 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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2020 (continued)**

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 2020 (continued)

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

	Turnover	Operating Costs	Gain/(loss) on Investment properties	2020 Operating surplus/(deficit)	2019 Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	11,580	(5,692)	-	5,888	6,437
Other activities (note 5)	14,696	(14,810)	-	(114)	1,518
Gain/(loss) on investment properties (note 15)	-	-	149	149	(165)
Total	26,276	(20,502)	149	5,923	7,790
Total for previous reporting period	28,507	(20,552)	(165)	7,790	

Particulars of turnover, operating costs and operating surplus – Association

	Turnover	Operating Costs	Gain/(loss) on Investment properties	2020 Operating surplus/(deficit)	2019 Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	11,580	(5,692)	-	5,888	6,437
Other activities (note 5)	2,120	(2,461)	-	(341)	1,249
Gain/(loss) on investment properties (note 15)	-	-	149	149	(165)
Total	13,700	(8,153)	149	5,696	7,521
Total for previous reporting period	15,982	(8,296)	(165)	7,521	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2020 (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	2020 Total £'000	2019 Total £'000
Rent receivable net of service charges	4,003	1,704	7	5,714	5,021
Service charges	485	265	-	750	727
Gross income from rents and service charges	4,488	1,969	7	6,464	5,748
Less rent losses from voids	(97)	(19)	-	(116)	(157)
Net income from rents and service charges	4,391	1,950	7	6,348	5,591
Grants released from deferred income	5,232	-	-	5,232	6,284
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	9,623	1,950	7	11,580	11,875
Management and maintenance administration costs	(393)	(148)	(2)	(543)	(757)
Service costs	(343)	(187)	-	(530)	(477)
Planned and cyclical maintenance including major repairs costs	(478)	(180)	-	(658)	(669)
Reactive maintenance costs	(473)	(178)	-	(651)	(710)
Bad debts – rents and service charges	(94)	(36)	-	(130)	(178)
Depreciation of affordable let properties	(2,308)	(869)	(3)	(3,180)	(2,647)
Operating costs from social letting activities	(4,089)	(1,598)	(5)	(5,692)	(5,438)
Operating surplus from social lettings	5,534	352	2	5,888	6,437
Operating surplus from social lettings for the previous reporting period	6,005	430	2	6,437	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (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	2020 Operating Surplus / (Deficit) £'000	2019 Operating Surplus / (Deficit) £'000
Care activities	45	10,323	2,410	12,778	(12,769)	9	373
Depreciation – non-social housing	-	-	-	-	(190)	(190)	(190)
Development & construction of property activities	-	-	-	-	(1)	(1)	(111)
Investment property activities	-	-	82	82	-	82	78
Organisation restructuring	-	-	-	-	(228)	(228)	(304)
Other income	-	-	-	-	(4)	(4)	1,556
Support activities	-	-	626	626	(352)	274	274
Wider role activities to support the community	-	-	1,210	1,210	(1,266)	(56)	(158)
Total from other activities	45	10,323	4,328	14,696	(14,810)	(114)	1,518
Total from other activities for the previous reporting period	82	10,325	6,225	16,632	(15,114)	1,518	

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	2020 Operating Surplus / (Deficit) £'000	2019 Operating Surplus / (Deficit) £'000
Corporate services	-	-	202	202	(503)	(301)	(4)
Depreciation – non social housing	-	-	-	-	(191)	(191)	(190)
Development and construction of property activities	-	-	-	-	(1)	(1)	(111)
Investment property activities	-	-	82	82	-	82	78
Organisation restructuring	-	-	-	-	(39)	(39)	(93)
Other income	-	-	-	-	(3)	(3)	1,556
Support activities	-	-	626	626	(353)	273	274
Wider role activities to support the community	-	-	1,210	1,210	(1,371)	(161)	(261)
Total from other activities	-	-	2,120	2,120	(2,461)	(341)	1,249
Total from other activities for the previous reporting period	-	-	4,107	4,107	(2,858)	1,249	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

6. Board members' emoluments – Group and Association

No Board members received remuneration with £465 (2019: £nil) paid for reimbursed expenses.

7. Key management personnel – Group and Association

Key management personnel are employed by another Wheatley Group subsidiary and perform an executive management role across all subsidiaries in the Wheatley Group. The emoluments payable to Loretto Group key management personnel are disclosed in the Wheatley Group financial statements. The Loretto Group and Association pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind. For the year ended 31 March 2020 the share of costs attributable to the Loretto Group amounted to £35k (2019: £40k) and costs attributable to the Association amounted to £24k (2019: £30k).

Key management personnel in the year were as follows:

Martin Armstrong	Group Chief Executive
Olga Clayton	Group Director of Housing and Care
Elaine Melrose	Group Director of Resources
Graham Isdale	Group Director of Corporate Affairs
Steven Henderson	Group Director of Finance
Tom Barclay	Group Director of Property and Development

8. Employees - Group

	2020	2019
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	464	524
The average total number of employees employed during the year was	556	590
	2020	2019
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	11,148	11,421
Social security costs	872	907
Pension costs	1,737	887
Pension service credit	(814)	(548)
Temporary, agency and seconded staff	267	368
	<u>13,210</u>	<u>13,035</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

Employees - Association

	2020	2019
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	73	76
The average total number of employees employed during the year was	79	82

	2020	2019
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	1,912	1,982
Social security costs	164	176
Pension costs	1,472	523
Pension service credit	(924)	(441)
	2,624	2,240

9. Finance income – Group and Association

	2020	2019
	£'000	£'000
Bank interest receivable on deposits in the year	1	1

10. Finance charges

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest on intra group loans	1,688	754	1,688	754
Net interest charges on pension liability	64	59	46	45
	1,752	813	1,734	799

11. Auditor's remuneration

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

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Audit of these financial statements	31	27	17	15

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2020 (continued)**

12. Financial commitments

Capital commitments – Group and Association

All capital commitments were as follows:

	2020	2019
	£'000	£'000
Expenditure contracted for, but not provided in the financial statements	7,164	350
Expenditure authorised by the Board but not contracted	5,129	90
	<u>12,293</u>	<u>440</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 2020 the Loretto Group had no annual commitments under non-cancellable operating leases (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

13. Social Housing Properties – Group and Association

	Social Housing Properties £'000	Shared Ownership Properties £'000	Housing Under Construction £'000	Total £'000
Valuation				
At 1 April 2019	52,268	172	7,312	59,752
Additions	1,646	-	3,499	5,145
Disposals	(44)	-	-	(44)
Transfer	9,057	-	(9,057)	-
Revaluation	(4,657)	(3)	-	(4,660)
At 31 March 2020	<u>58,270</u>	<u>169</u>	<u>1,754</u>	<u>60,193</u>
Accumulated Depreciation				
As at 1 April 2019	-	-	-	-
Charge for year	3,138	3	-	3,141
Disposals	(5)	-	-	(5)
Revaluation	(3,133)	(3)	-	(3,136)
At 31 March 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value - Valuation				
At 31 March 2020	<u>58,270</u>	<u>169</u>	<u>1,754</u>	<u>60,193</u>
At 31 March 2019	<u>52,268</u>	<u>172</u>	<u>7,312</u>	<u>59,752</u>
Net Book Value – Cost				
At 31 March 2020	<u>117,909</u>	<u>169</u>	<u>1,754</u>	<u>119,832</u>
At 31 March 2019	<u>110,383</u>	<u>386</u>	<u>7,312</u>	<u>118,081</u>

Total expenditure on repairs and capital improvements in the year on existing properties was £2,955k (2019: £2,389k). Of this, repair costs of £1,309k (2019: £1,379k) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £1,646k (2019: £1,076k) shown as additions to core stock on the Statement of Financial Position. Additions to core stock in the year of £1,646k (2019: £1,076k) in the year include:

- £1,225k for component additions including:
 - £366k on bathrooms;
 - £50k on internal works and common areas;
 - £570k on kitchens;
 - £209k on mechanical, electrical and plumbing;
 - £2k on structure and roofs; and
 - £28k on windows and doors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

13. Social Housing Properties (continued)

- The remaining balance of £421k of additions to existing properties not associated with a specific component includes £207k on void improvements £140k of medical adaptations.

Additions to housing under construction include capitalised interest costs of £117k (2019: £350k). Interest has been capitalised at the weighted average interest cost for the Association of 4.89% (2019: 4.68%).

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 2020 on an Existing Use Valuation for Social Housing (“EUV-SH”).

Discount rates between 5.75-6.50% have been used depending on the property archetype (2019: 5.75-7.50 % retained stock). The valuation assumes a rental income increase of inflation + 0.5% in 2020/21 for retained stock, in line with the Association’s 30-year Business Plan (2020/21). 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 2019/20 the Association did not dispose of any properties to tenants under Right to Buy entitlements (2018/19: nil).

The number of units of accommodation (excluding unlettable voids) held by the Loretto Group and Association at 31 March 2020 is shown below:

	2020 – number				2019 – 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	1,083	-	-	1,083	1,027	-	-	1,027
Supported Housing	188	171	50	409	188	171	50	409
Shared Ownership	4	-	-	4	4	-	-	4
Total Social Housing	1,275	171	50	1,496	1,219	171	50	1,440

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 excludes properties that the Association manages on behalf of others but does not own. The Association owns and manages 31 office properties within supported housing developments and these are included in the valuation and reported in supported housing units above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

14. Other Tangible Fixed Assets – Group and Association

	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 2019	96	590	1,092	128	501	2,407
Additions	-	-	-	-	-	-
Revaluation	-	(15)	-	-	-	(15)
At 31 March 2020	<u>96</u>	<u>575</u>	<u>1,092</u>	<u>128</u>	<u>501</u>	<u>2,392</u>
Accumulated Depreciation						
At 1 April 2019	5	-	521	55	483	1,064
Charge for year	5	42	109	25	10	191
Revaluation	-	(42)	-	-	-	(42)
At 31 March 2020	<u>10</u>	<u>-</u>	<u>630</u>	<u>80</u>	<u>493</u>	<u>1,213</u>
Net Book Value						
At 31 March 2020	<u>86</u>	<u>575</u>	<u>462</u>	<u>48</u>	<u>8</u>	<u>1,179</u>
At 31 March 2019	<u>91</u>	<u>590</u>	<u>571</u>	<u>73</u>	<u>18</u>	<u>1,343</u>

Office premises were valued by an independent professional adviser, Jones Lang LaSalle, on 31 March 2020 in accordance with the appraisal and valuation manual of the RICS.

15. Investment Properties – Group and Association

	Properties held for mid market rent £'000
Valuation	
At 1 April 2019	1,150
Revaluation taken to operating surplus	149
At 31 March 2020	<u>1,299</u>
Net Book Value	
At 31 March 2020	<u>1,299</u>
At 31 March 2019	<u>1,150</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 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

15. Investment Properties – Group and Association (continued)

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

	2020	2019
Mid Market Rent Properties		
Total Units	17	17

16. Debtors

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Arrears of rent & service charges	471	376	471	376
Adjustment to discount arrears balances with payments plans to NPV	(1)	(1)	(1)	(1)
Less: Provision for bad and doubtful debts	(263)	(201)	(263)	(201)
	207	174	207	174
Prepayments and accrued income	-	-	-	-
Other Debtors	2,713	1,107	1,808	523
Due from other group companies	884	701	203	365
	3,804	1,982	2,218	1,062

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

17. Creditors: amounts falling due within one year

	Group		Association	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	130	553	100	438
Accruals	1,872	2,365	1,508	1,922
Deferred income	344	4,989	178	4,907
Rent and service charges received in advance	507	413	507	413
Tax and social security	280	265	37	46
Other creditors	293	212	234	150
Due to other group companies	520	267	317	239
	3,946	9,064	2,881	8,115

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 2020 (continued)

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

	2020	2019
	£'000	£'000
Deferred Income	1,465	-
Amount due to group company	37,253	33,751
	38,718	33,751

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 was made up of a committed facility of £657.3m from a syndicate of commercial banks, two committed facilities totalling £282.9m from the European Investment Bank, £300.0m raised through the issue of a public bond, £150.0m private placement loan notes with BlackRock Real Assets and £100.0m facility with HSBC. This provided total facilities of £1,490.2m 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 having access to an intra-group facility of £37.6m, secured on its housing stock. Interest in the year has been charged at 4.89% (2019: 4.68%).

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

	2020	2019
	£'000	£'000
In less than one year	-	-
In more than one year but less than five years	1	1
In more than five years	37,252	33,750
	37,253	33,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

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

Deferred income

Analysis of deferred income - Group

	Housing association grants £'000	Other grants/ income £'000	Total £'000
Deferred income as at 1 April 2019	4,907	82	4,989
Additional income received	1,695	121	1,816
Released to Statement of Comprehensive Income	(4,959)	(37)	(4,996)
Deferred income as at 31 March 2020	1,643	166	1,809

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:	2020 £'000	2019 £'000
In less than one year (note 17)	344	4,989
In more than one year but not less than five years	1,465	-
In more than five years	-	-
	1,809	4,989

Analysis of deferred income – Association

	Housing association grants £'000	Other grants/ income £'000	Total £'000
Deferred income as at 1 April 2019	4,907	-	4,907
Additional income received	1,695	-	1,695
Released to Statement of Comprehensive Income	(4,959)	-	(4,959)
Deferred income as at 31 March 2020	1,643	-	1,643

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:	2020 £'000	2019 £'000
In less than one year (note 17)	178	4,907
In more than one year but not less than five years	1465	-
In more than five years	-	-
	1,643	4,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

19. Share Capital

Shares of £1 each issued and fully paid	£
At 1 April	262
Issued in year	1
Cancellations	(133)
At 31 March	130

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

20. 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 2018.

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 Loretto 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 2020.

Following consideration of the results of the last valuation at 30 September 2018, the shortfall in the scheme reduced from £198m to £121m. 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 8 years with the scheme expected to reach a fully funded position by 2022. The next formal valuation of the scheme is due to be carried out at 30 September 2021 and to ensure the ongoing funding of the scheme whilst the valuation is prepared, the Trustees have agreed to extend the period over which additional contributions are payable by one year to March 2023. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

20. Pensions (continued)

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

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

Defined Benefit assets and obligations

The assumptions that have the most significant effect on the results of the valuation of the Loretto 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 2020	31 March 2019
Discount rate	2.45%	2.60%
Future salary increases	2.20%	2.20% in the first year and 2.00% thereafter
Inflation (CPI)	1.90%	2.35%

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions in 2020 and 2019 are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: male 20.7 years, female 22.9 years (2019: 21.4 and 23.7 years, respectively)
- Future retiree upon reaching 65: male 22.2 years, female 24.6 years (2019: 23.4 and 25.8 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 Group has been allocated a share of cost under an agreed policy throughout the periods shown.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

20. Pensions (continued)

Movements in present value of defined benefit obligation

	Group Association		Group Association	
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Opening defined benefit obligation	20,538	16,281	19,014	15,317
Interest cost	524	414	504	402
Actuarial gains/(losses)	(489)	(487)	1,891	1,393
Estimated benefits paid	(836)	(766)	(884)	(844)
Administration costs	16	13	13	13
Closing defined benefit obligation	19,753	15,455	20,538	16,281

Movements in fair value of plan assets

	Group Association		Group Association	
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Opening fair value of plan assets	17,580	14,059	16,650	13,413
Interest income	460	368	445	357
Expected return on plan assets	842	292	821	692
Contributions by the employer	1,034	924	548	441
Estimated benefits paid	(836)	(766)	(884)	(844)
Administration costs	-	-	-	-
Closing fair value of plan assets	19,080	14,877	17,580	14,059
Net Liability	(673)	(578)	(2,958)	(2,222)

Expense recognised in the statement of comprehensive income

	Group Association		Group Association	
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Current service cost	-	-	-	-
Losses on settlements or curtailments	-	-	-	-
Net interest on defined benefit obligation	64	46	59	45
Administration costs	16	13	16	13
	80	59	75	58

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is Group: £1,331k gain, Association £779k gain (Group 2019: £1,070k loss, Association £701k loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

20. Pensions (continued)

The major categories of scheme assets were as follows:

Group	2020	2019
	£'000	£'000
Equities	3,795	4,317
Corporate bonds	7,625	7,939
Property	355	349
Alternatives	6,693	4,742
Cash	612	233
	19,080	17,580
Association	2020	2019
	£'000	£'000
Equities	2,959	3,453
Corporate bonds	5,946	6,349
Property	277	279
Alternatives	5,218	3,792
Cash	477	186
	14,877	14,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

21. 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.

Alex McKay
 Allan McGinness
 Cecil Bueker
 Pauline Gilmore

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2020 are as follows:

	2020
	£'000
Rent charged during the year	18
Arrear balances outstanding at 31 March 2020	-

Other related parties -

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

	Invoiced/paid in the year	Year end balance
	£'000	£'000
2020 - Group		
Pensions Trust – Scottish Housing Association Pension Scheme	1,034	-
2020- Association		
Pensions Trust – Scottish Housing Association Pension Scheme	924	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

22. Cash flow analysis

Cash flow from operating activities – Group

	2020	2019
	£'000	£'000
Surplus for the year	2,675	3,486
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	3,331	2,837
Increase in trade and other debtors	(1,822)	(355)
Decrease in trade and other creditors	(473)	(2,075)
Pension costs less contributions payable	(1,021)	(535)
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(4,996)	(6,366)
Interest payable	1,734	813
Interest received	(1)	(1)
Decrease in valuation of properties	1,349	3,657
Net cash inflow from operating activities	776	1,461

Cash flow from operating activities – Association

	2020	2019
	£'000	£'000
Surplus for the year	2,466	3,231
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets	3,331	2,837
Increase in trade and other debtors	(1,156)	(566)
Decrease in trade and other creditors	(506)	(2,031)
Pension costs less contributions payable	(911)	(428)
<u>Adjustments for investing or financing activities:</u>		
Government grants utilised in the year	(4,959)	(6,284)
Interest payable	1,734	799
Interest received	-	(1)
Decrease in valuation of properties	1,349	3,657
Net cash inflow from operating activities	1,348	1,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

23. Ultimate parent organisation

The Association 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.

24. Post balance sheet event

On 12 May 2020, Loretto Housing Association’s membership share of Loretto Care transferred to Wheatley Housing Group Limited, and Loretto Care became a “wholly owned” subsidiary of Wheatley Housing Group Limited.

SUPPLEMENTARY INFORMATION

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