Loretto Housing

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2026

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 2026.

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

OPERATING REVIEW

This year marked the end of our five-year strategy, 'Your Home, Your Community, Your Future'.

Over the past five years, Loretto has responded to a series of unprecedented challenges. These have included recovery from the Covid-19 pandemic, increases in the cost of living, the National Housing Emergency and the continuing homelessness crisis.

Despite this challenging environment, we have emerged in a strong position. We remain on a solid financial footing, continue to deliver excellent outcomes for customers, and have seen customer satisfaction rise to 93%. This is a testament to the resilience, commitment and professionalism of our staff, and to the strength of our 'Think Yes' culture.

In the year, total expenditure on repairs and capital improvements to our existing homes and communities was £9.9m. We also grew the number of affordable homes during the year, completing 61 new homes, taking the total of new homes completed over the course of the strategy to 383.

Our commitment to tackling homelessness is an important element of our five-year strategy. We allocated 111 homes to people experiencing homelessness during the year, bringing the total to 586 over the past five years and making a significant contribution to tackling this issue in central Scotland.

Customer engagement remains at the heart of everything we do. By the end of the financial year, 70 customers were registered with Stronger Voices, our customer feedback programmes. Our customer satisfaction of 93%, reflects the progress we have made in ensuring customers can influence decision-making and help shape the services they receive.

The Wheatley Foundation, the Group's charitable arm, continued to play a vital role in reducing the impact of poverty across our homes and communities. Through its work, customers were supported to access education, training and employment opportunities, as well as practical and financial support. During the year, the Foundation helped 442 customers experiencing financial hardship, created 29 jobs and training places, and provided furniture to 27 households.

As we begin the next stage of our journey, guided by our new five-year strategy, 'Making homes and lives better', Loretto remains a high-performing organisation, well placed to respond to future challenges and meet the changing needs of our customers.

The following sections set out some of the key highlights from the year.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

Building new homes
Loretto built 44 new homes in Bishopbriggs and 17 new homes in Coatbridge during 2025/26, all for social rent. Work also progressed on 95 new homes, comprising:

- 66 at two sites in Dargavel,
- 29 at Forfar Avenue, Cardonald, Glasgow.

Loretto has completed 383 new social rent homes over the past five years.

Investing in our homes
Loretto delivered £3.9m of planned improvements to homes and communities over the year including:

- £687k on 81 new kitchens and £13k on 2 bathroom renewals;
- £777k on central heating boilers in 333 properties;
- £257k on external wall finishes, including fabric overhauls on 3 tenement blocks in West Dunbartonshire;
- £227k on internal works and common areas, including improvements to 24 common closes and entranceways in West and East Dunbartonshire, Glasgow, Falkirk, and South Lanarkshire;
- £102k on mechanical, electrical and plumbing; and
- £777k on installing new energy efficient windows in 48 properties and doors in 22 properties in West and East Dunbartonshire and South Lanarkshire.

Our investment work reflects our targeted and strategic approach aligned to our tenant commitments and their priorities. For example, fabric improvements to tenement blocks, for example, involve a more place-based approach to investment, improving the overall condition, appearance, and sustainability of our neighbourhoods. We continued our focus on improving safety, comfort, and the overall quality of homes as well as meeting regulatory requirements.

Our repairs service
Loretto carried out over 11,700 reactive repairs during the year and a total of £6.0m was spent on planned and reactive maintenance. Our average time to complete emergency repairs was 2.9 hours while non-emergency repairs averaged 8 days. The percentage of repairs completed right first time was 98.8%, up from 86.8% in 2024/25.

Building Safety
We continued to respond quickly and effectively to reports of damp and mould in our homes, supported by clear response targets and a grading process for all cases. Where mould was identified during inspection, 98.9% of cases were classified as mild.

We continued our work to protect customers from the risk of fire this year and our fire team carried out 64 person-centred fire risk assessments in our homes. We delivered fire safety products such as air fryers, fire-retardant bedding, and ashtrays to 37 customers; installed six stove guards in our homes; and installed upgraded detection systems in six homes. Since 2021, there has been an 83% reduction in the number of accidental fires in our homes.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

Improving our communities
We continued our work to keep communities clean, safe and well maintained. Through our partnership with Keep Scotland Beautiful, the environmental charity assesses the service delivered by our environmental teams. In 2025/26, every Loretto neighbourhood was rated as five-star, the highest possible grade.

Our Neighbourhood Environmental Teams removed almost 600 tonnes of bulk items from communities, supporting recycling and helping to prevent items going to landfill. The 'Spring into Action' event in March 2026 saw environmental staff work alongside volunteers from schools, council partners, Wheatley contractors and community groups on local projects including litter-picks, power washing, and painting benches in Barmulloch and planting at Kippen Gate in Glasgow.

Wheatley's Community Improvement Partnership, made up of specialist police officers and our Anti-Social Behaviour Prevention and Intervention officers, continued to support customers affected by anti-social behaviour.

Letting homes
Loretto allocated 111 homes to those experiencing homelessness during the year, representing more than 66% of relevant lets. Over the past five years, Loretto has allocated 586 homes to people experiencing homelessness. This included seven temporary tenancies being 'flipped' into permanent homes for the people living in them.

Engaging with customers
We continued to engage with customers throughout the year, both online and in person. In 2025/26, almost 20,000 people used the Loretto website and our social media followers reached over 2,600.

By the end of the year, 70 customers were registered with our Stronger Voices tenant engagement programme, helping to provide feedback and views across the range of the services we provide. Almost 200 people attended community events, while around 170 people attended pop-up events and surgeries. We also held five panel meetings or focus groups during the year. Two Loretto customers were involved in the Group Scrutiny Panel. The panel carries out thematic reviews of specific services and makes recommendations for improvement. The panel's work has received recognition from the Chartered Institute of Housing for tenant involvement.

Supporting our customers
A total of 1,347 Loretto customers are on Universal Credit, or approximately 46.5% of our customer base and an increase of more than 10% from last year as the migration from legacy benefit arrangements completed during the year. Our welfare benefit advisors supported over 260 people with their benefits over the year, resulting in £0.8m in financial gain for customers.

Wheatley Foundation created 29 jobs and training places for people in our communities and supported over 440 people experiencing financial hardship over the year, helping them maximise their income, manage outgoings and reduce costs.

DIRECTORS' REPORT (Continued)

OPERATING REVIEW (Continued)

As well as this, we:

- provided 27 households with 119 free items of upcycled furniture through Home Comforts;
- helped 26 new tenants with household budgeting, running a home and settling into their community through My Great Start, resulting in £79,000 of financial gain;
- provided starter packs for 12 tenants who needed support moving into their home;
- provided recycled digital devices for 12 tenants through our Techshare initiative;
- awarded three people from our homes a bursary to go to college or university; and
- helped 326 tenants with their rent through our Helping Hands fund.

A total of 108 children and young people in our homes and communities benefited from Wheatley Foundation programmes in 2025/26. This included:

- eight children under five who received 67 free books through the Dolly Parton Imagination Library initiative;
- 13 young people at schools across Glasgow who received a 'wee bursary';
- 12 young people who took part in 'Dragon's Den'-style pitching through the Social Enterprise Academy;
- 53 young people who joined digital activities and classes through the Youth Access Learning Network; and
- seven young people took part in taster sessions and site visits through Construction Aware.

We also collected donations and other support to help seven children enjoy Christmas.

Independent Auditor

In accordance with Section 489 of the Companies Act 2006, and after a competitive tender process, 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
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Loretto generated an operating surplus of £8.3m (2025: £8.8m) for the year. The reduction in operating surplus was mainly due to lower grant income recognised on new-build completions and movements in the revaluation of mid-market rent properties reported within other gains and losses.

Before other gains and losses and excluding grant income recognised on new-build completions, Loretto generated an operating surplus from core operations of £1.4m (2025: £1.5m). The £0.1m reduction reflects continued investment in the repairs service, in response to customer feedback. Surpluses from operating activities are fully re-invested in improvements to social housing properties.

Turnover for the year ended 31 March 2026 was £25.0m (2025: £23.9m). The Association's main source of income remains social housing rental income, with net rental income increasing to £17.0m (2025: £15.5m).

Other significant items include:

- Grant income of £7.0m was recognised in the year (2025: £7.2m) in relation to completed new-build properties and medical adaptations. The level of grant income recognised varies from year to year depending on the timing and scale of the new-build development programme. During 2025/26, 61 new homes were completed, compared with 63 in 2024/25.
- Other income, including gift aid income from Wheatley Developments Scotland Ltd, totalled £0.3m (2025: £0.6m).
- Income from support activities, relating to enhanced services and facilities in properties where customers receive care support, was £0.5m (2025: £0.5m).

Operating costs for the year were £16.7m (2025: £15.2m). The main components were:

- Management and administration costs associated with affordable letting activities of £0.9m (2025: £0.8m).
- Planned and cyclical maintenance costs including major repair costs to improve our social housing properties totalling £2.7m (2025: £2.6m).
- Reactive maintenance costs to our social letting properties totalling £3.3m (2025: £2.8m).
- Depreciation expenditure for social housing and other assets of £7.5m (2025: £7.0m)
- Costs associated with our wider role in supporting communities of £0.5m (2025: £0.2m), including donations to Wheatley Foundation £0.3m (2025: £0.1m) to provide continued support for our customers during a financially challenging period.

Interest costs for the year were £3.9m (2025: £3.6m), an increase of £0.3m. This reflects higher borrowings to support investment in the new-build housing programme.

The total comprehensive deficit for the year was £0.2m (2025: £3.5m deficit). This includes a £5.5m decrease in the valuation of social housing properties (2025: £9.5m decrease), partly offset by a £0.9m actuarial gain on the SHAPS pension scheme (2025: £0.7m gain).

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW (Continued)

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.

Cashflows
Loretto continued to generate strong operating cashflows, with £8.1m generated from operating activities during the year (2025: £10.4m). The £2.3m reduction from the prior year is linked to the timing of debtor and creditor settlements and the SHAPS Defined Benefit Pension Scheme advanced deficit recovery contributions of £1.0m (2025: nil). Cash generated from operating activities was reinvested in improving existing homes. Cash and cash equivalents decreased by £0.4m in the year (2025: increased by £0.6m), mainly due to the movement in working capital within operating activities.

Liquidity
Loretto reported total reserves of £65.2m at 31 March 2026, a decrease of £0.2m in the year. The value of social housing properties, including housing under construction, increased by £4.9m, reflecting the long-term value of continued investment in customers' homes and the new-build programme. As these properties are valued on an Existing Use Value for Social Housing ("EUV-SH") basis, movements in valuation will not necessarily align directly with the level of capital investment made during the year.

Loretto reported net current liabilities of £16.3m at 31 March 2026, compared with £12.1m at 31 March 2025. The increase of £4.3m mainly reflects a higher level of deferred grant income due to be released within one year, driven by the timing of expected completions in the development programme. At 31 March 2026, 85 homes were expected to complete in 2026/27, compared with 61 homes expected to complete at the previous year end. Net rent arrears remained stable at £0.1m after recognising a bad debt provision of £0.4m (2025: £0.4m). Rent arrears improved as a percentage of rent due, reducing to 2.91% at the March 2026 billing period, compared with 3.38% at the equivalent point in 2025.

Borrowings due after more than one year to fund the development of new housing have increased from £86.7m to £90.8m. linked to the completion of 61 new homes. 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.

Capital structure and treasury
Loretto's activities are funded on the basis of a business plan which is updated annually. The main elements of our long-term funding are syndicated bank facilities and bond funding provided through WFL1, a related entity, as detailed in note 19. At 31 March 2026, Loretto had accessed £91.0m of the intra-group facility which is secured on its housing stock. Interest rate risk is managed at a group level by WFL1.

Investment in tenants' homes
During the year we invested £3.9m in improving customer's homes for social and mid-market rent. At the year-end our housing stock (including housing under construction) was valued at £172.1m (2025: £167.2m).

DIRECTORS' REPORT (Continued)

FINANCIAL REVIEW (Continued)

New Build
During the financial year we completed 61 new build properties across two developments. Our new build programme invested £13.9m in the year. The Business Plan includes a further projected spend of £154.7m 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

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.

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 the Wheatley Group, the principal risks are broadly similar to those facing the Group and can be seen in the consolidated financial statements of the Wheatley Group.

By order of the Board

Signed by:
[redacted]

Iain Macaulay, Chair
16 September 2026

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 No. 1 Ltd Wheatley Funding No.2 Ltd Wheatley Capital PLC Wheatley Housing Group Limited Group Audit Committee Strategic Development Committee
Alex McKay*	15 June 2015	20 September 2021	18 August 2025	-
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	-	-	-
Jacqui Kelly*	15 September 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.

Creditor payment policy
Loretto Housing Association agrees payment terms with its suppliers when it enters into contracts and aims to pay undisputed and valid invoices 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

[redacted]

Iain Macaulay, Chair
16 September 2026

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 2026 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 2026 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.

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 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.

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.

Michael Wilkie

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

22 September 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Note	**Total 2026 £'000**	**Total 2025 £'000**
Turnover	3	24,998	23,869
Operating expenditure	3	(16,700)	(15,240)
Other (losses)/gains	3	(1)	140
Operating surplus		8,297	8,769
Loss on disposal of fixed assets	9	(110)	-
Finance income	10	6	7
Finance charges	11	(3,915)	(3,575)
Decrease in valuation of housing properties		(5,460)	(9,467)
Increase in valuation of other fixed assets		42	42
Deficit for the year		(1,140)	(4,224)
Actuarial gain in respect of pension schemes		926	690
Total comprehensive deficit for the year		(214)	(3,534)

All amounts relate to continuing operations.

The notes on pages 20 to 43 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2026

	Total Reserves £'000
Balance at 31 March 2024	68,968
Deficit for the year	(4,224)
Actuarial gain in respect of pension scheme	690
Balance at 31 March 2025	65,434
Deficit for the year	(1,140)
Actuarial gain in respect of pension scheme	926
Balance at 31 March 2026	65,220

All amounts relate to continuing operations.

The notes on pages 20 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Notes	**2026 £'000**	**2025 £'000**
Fixed assets			
Social housing properties	14	170,731	165,861
Other tangible fixed assets	15	2,341	1,664
Investment properties	16	1,340	1,330
		174,412	168,855
Current assets			
Trade and other debtors	17	2,661	1,642
Cash and cash equivalents		948	1,332
		3,609	2,974
Creditors: amounts falling due within one year	18	(19,924)	(15,043)
Net current liabilities		(16,315)	(12,069)
Total assets less current liabilities		158,097	156,786
Creditors: amounts falling due after more than one year	19	(91,859)	(88,579)
Provisions for liabilities			
Pension liability	21	(1,018)	(2,773)
Total net assets		65,220	65,434
Reserves			
Called up Share capital	20	-	-
Total reserves		65,220	65,434
Total reserves		65,220	65,434

These financial statements were approved by the Board on 17 August 2026 and were signed on its behalf on 16 September 2026 by:

[redacted] [redacted] [redacted]

Iain Macaulay
Chair

Andrew Little
Board Member

Anthony Allison
Secretary

The notes on pages 20 to 43 form part of these financial statements.

Charity registration number SC07241

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**2026 £'000**	**2025 £'000**
Net cash generated from operating activities	23	8,136	10,434
Cash flow from investing activities			
Improvement of properties – housing stock	14	(3,858)	(3,182)
New build		(13,465)	(17,497)
Improvement of properties – investment properties	16	(11)	-
Purchase of other fixed assets	15	(815)	(391)
Grants received		9,564	6,822
Grant repayments		-	(354)
Finance income		6	7
		(8,579)	(14,595)
Cash flow from financing activities			
Finance charges		(4,191)	(3,971)
Financing draw down		7,750	11,000
Financing repayment		(3,500)	(2,250)
		59	4,779
Net change in cash and cash equivalents		(384)	618
Cash and cash equivalents at beginning of year		1,332	714
Cash and cash equivalents at end of year		948	1,332
Cash and cash equivalents at 31 March			
Cash		948	1,332
		948	1,332

The notes on pages 20 to 43 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Legal status

Loretto Housing Association Limited ("Loretto" or "the Association") is a wholly owned subsidiary of The Wheatley Housing Group Limited ("Wheatley Group" or "the Group"). The Association is registered under the Co-operative and Community Benefit Societies Act 2014 No.1920RS and is a registered Scottish Charity No.SC07241. The Association is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. 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 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 2026 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 the Association's budget for 2026/27 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 Association 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 2026

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 £16.3m, of which the majority of current liabilities comprises deferred income of £9.7m and intra-group balances of £5.6m, the entity's current available cash of £0.9m and access to undrawn loan facilities of £510.0m, are available to the Association 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 Association have sufficient funding in place and are satisfied the Group and the Association will 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 and investment properties;
- Component accounting and the assessment of useful lives;
- The assessment of the fair value of financial instruments;
- Determining the value of the Association'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; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

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 Group which are publicly available. Consequently, 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 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 reliability. 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 No. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

Pensions
The Association 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 ("Cube"), the assets and liabilities attributable to Cube in SHAPs transferred to the Association on 31 May 2021. The Cube section of the SHAPs Defined Benefit Scheme closed to members on 1 September 2014.

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. The Association'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, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

- **Valuation of housing of properties**

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

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

- **Depreciation and Impairment**

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

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 2026

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

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

- **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 an 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

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.

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.

Leases
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

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
The Association 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

2. Accounting policies (continued)

Value Added Tax
The Association is registered for VAT and is a member of the Wheatley Group's VAT group. The majority of its income, including rental receipts, is exempt for VAT purposes, giving rise to no VAT liability.

Standards issued but not yet effective
Amendments to FRS 102 arising from the Periodic Review 2024 have been issued by the Financial Reporting Council and are effective for accounting periods beginning on or after 1 January 2026. These amendments include a revision to the revenue recognition model aligned to IFRS 15 five step approach and fundamental revision to lease accounting under Section 20, which will require lessees to recognise most leases on the Statement of Financial Position as a right of use asset with a corresponding lease liability. The revised requirements broadly align FRS 102 lease accounting with IFRS 16 and remove the distinction between operating and finance leases for lessees, subject to limited exemptions for short-term and low value leases.

The amendments will be applied by the Association for the first time in the financial statements for the year ending 31 March 2027.

The Association is currently assessing the impact of the revised revenue and lease accounting requirements. This work includes identifying and validating the Association's lease population (including land and buildings, vehicles and equipment), determining appropriate lease terms and discount rates, and assessing the potential effects on the Association's Statement of Financial Position, Statement of Comprehensive Income and key financial metrics, including loan covenant measures.

While the full financial impact of adopting the revised lease accounting requirements has not yet been quantified, the Association expects that total assets and liabilities will increase on adoption, with corresponding changes to the presentation and timing of lease related expenses. Further information on the impact of these changes will be disclosed in the financial statements for the period in which the amendments are first applied.

3. Particulars of turnover, operating costs and operating surplus

	2026				2025
	Turnover £'000	**Operating Costs £'000**	**Other gains/ (losses) £'000**	**Operating surplus/ (deficit) £'000**	**Operating surplus/ (deficit) £'000**
Affordable letting activities (note 4)	23,943	(15,071)	-	8,872	8,662
Other activities (note 5)	1,055	(1,629)	-	(574)	(33)
(Loss)/gain on investment properties (note 15)	-	-	(1)	(1)	140
Total	**24,998**	**(16,700)**	**(1)**	**8,297**	**8,769**
Total for previous reporting period	**23,869**	**(15,240)**	**140**	**8,769**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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

	General Needs £'000	Supported Housing £'000	Shared Ownership £'000	2026 Total £'000	2025 Total £'000
Rent receivable net of service charges	13,490	2,978	54	16,522	14,977
Service charges	778	49	-	827	811
Gross income from rents and service charges	**14,268**	**3,027**	**54**	**17,349**	**15,788**
Less rent losses from voids	(185)	(203)	-	(388)	(324)
Net income from rents and service charges	**14,083**	**2,824**	**54**	**16,961**	**15,464**
Grants released from deferred income – new build	6,928	-	-	6,928	7,120
Other revenue grants	54	-	-	54	38
Total turnover from affordable letting activities	**21,065**	**2,824**	**54**	**23,943**	**22,622**
Management and maintenance administration costs	(745)	(132)	(5)	(882)	(817)
Service costs	(746)	(47)	-	(793)	(684)
Planned and cyclical maintenance including major repairs costs	(2,300)	(408)	(16)	(2,724)	(2,616)
Reactive maintenance costs	(2,762)	(490)	(19)	(3,271)	(2,822)
Bad debts – rents and service charges	(85)	(15)	(1)	(101)	(136)
Depreciation of affordable let properties	(6,193)	(1,094)	(13)	(7,300)	(6,885)
Operating costs from social letting activities	**(12,831)**	**(2,186)**	**(54)**	**(15,071)**	**(13,960)**
Operating surplus from social lettings	**8,234**	**638**	**-**	**8,872**	**8,662**
Operating surplus/ (deficit) from social lettings for the previous reporting period	**8,003**	**661**	**(2)**	**8,662**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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	2026 Operating Surplus / (Deficit) £'000	2025 Operating Surplus / (Deficit) £'000
Corporate services	-	-	-	(132)	(132)	(245)
Depreciation – non-social housing	-	-	-	(180)	(180)	(147)
Development and construction of property activities	-	50	50	(56)	(6)	-
Investment property activities	-	99	99	-	99	92
Organisation restructuring	-	-	-	-	-	(23)
Other income	-	368	368	-	368	641
Support activities	-	535	535	(727)	(192)	(138)
Wider role activities to support the community	-	3	3	(534)	(531)	(213)
Total from other activities	**-**	**1,055**	**1,055**	**(1,629)**	**(574)**	**(33)**
Total from other activities for the previous reporting period	-	**1,247**	**1,247**	**(1,280)**	**(33)**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

6. Board members' emoluments

No Board members received remuneration with £nil (2025: £54) 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's key management personnel are disclosed in the Wheatley Group consolidated financial statements. The Association pays a share of the costs of these personnel which includes employer pension contributions and benefits in kind.

	2026	2025
	£ 000	£ 000
Aggregate emoluments payable to key management (excluding pension contributions)	31	28

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

£0 to £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 2026. 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 (2025: £2k) were paid for the Chief Executive and the Group Executive team in post at 31 March 2026.

There were six senior officers in post at 31 March 2026.

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
Sharon Wearing	Group Director of Development & City Building (from 16 November 2025)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

8. Employees

	2026	2025
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was	72	68
The average total number of employees employed during the year was	71	69

	2026	2025
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	3,088	2,858
Social security costs	384	287
Pension costs	256	250
FRS 102 pension adjustment	39	38
	3,767	3,433

During the year, members of the SHAPS Defined Benefit Pension Scheme were advised that deficit recovery contributions would restart from 1 April 2026 for the next 4 years. The Association opted to make a one-off advanced payment in relation to the 2026/27 and 2027/28 contributions; this totalled £962k and was paid in the year ended 31 March 2026 (2025: none).

9. Loss on disposal of fixed assets

Loss on disposal in the year relates to the disposal of components in housing properties following investment (2025: nil).

	2026	2025
	£'000	£'000
Net proceeds from disposal of assets	-	-
Value of assets disposed	(110)	-
Loss on disposal of fixed assets	(110)	-

10. Finance income

	2026	2025
	£'000	£'000
Bank interest receivable on deposits	6	7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

11. Finance charges

	2026	**2025**
	£'000	**£'000**
Interest on intra group loans	3,734	3,376
Other financing costs	48	40
Net interest charges on pension liability	133	159
	3,915	3,575

12. Auditor's remuneration

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

	2026	**2025**
	£'000	**£'000**
Audit of these financial statements	62	60

13. Financial commitments

Capital commitments

All capital commitments were as follows:

	2026	**2025**
	£'000	**£'000**
Expenditure contracted for, but not provided in the financial statements	9,851	11,010
Expenditure authorised by the Board but not contracted	-	6,872
	9,851	17,882

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

13. Financial commitments (continued)

Operating leases

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

	2026 £'000 Land and Buildings	**2026 £'000 Other**	**2025 £'000 Land and Buildings**	**2025 £'000 Other**
Operating leases that fall due:				
Within one year	13	59	13	37
In the second to fifth years inclusive	10	249	22	-
	-	110	-	-
	23	418	35	37

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 2026

14. Social Housing Properties

	Social Housing Properties	Shared Ownership Properties	Housing Under Construction	Total
	£'000	£'000	£'000	£'000
Valuation				
At 1 April 2025	153,459	1,000	11,402	165,861
Additions	3,858	-	13,882	17,740
Disposals	(123)	-	-	(123)
Transfers	12,046	-	(12,046)	-
Revaluation	(12,807)	60	-	(12,747)
At 31 March 2026	156,433	1,060	13,238	170,731
Accumulated Depreciation				
As at 1 April 2025	-	-	-	-
Charge for year	7,287	13	-	7,300
Disposals	(13)	-	-	(13)
Revaluation	(7,274)	(13)	-	(7,287)
At 31 March 2026	-	-	-	-
Net Book Value - Valuation				
At 31 March 2026	156,433	1,060	13,238	170,731
At 31 March 2025	153,459	1,000	11,402	165,861
Net Book Value - Cost				
At 31 March 2026	227,599	499	13,238	241,336
At 31 March 2025	219,107	512	11,402	231,021

Total expenditure on repairs and capital improvements in the year on existing properties was £9,853k (2025: £8,620k). Of this, repair costs of £5,995k (2025: £5,438k) were charged to the Statement of Comprehensive Income (note 4) with capital improvements of £3,858k (2025: £3,182k) shown as additions to core stock on the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

14. Social Housing Properties (continued)

Additions to core stock in the year of £3,858k (2025: £3,182k) in the year include:

- £2,840k for component additions including:
    - £13k on bathrooms;
    - £777k on central heating boiler, including smoke and heat detectors;
    - £257k on external wall finishes
    - £227k on internal works and common areas;
    - £687k on kitchens;
    - £102k on mechanical, electrical and plumbing; and
    - £777k on windows and doors.

- The remaining balance of £1,018k of additions to existing properties not associated with a specific component includes £530k on void improvements, £67k of medical adaptations, £421k of capitalised repairs.

Additions to housing under construction include capitalised interest costs of £417k (2025: £559k). Interest has been capitalised at the weighted average interest cost for the Association of 4.55% (2025: 4.84%).

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 2026 on an Existing Use Valuation for Social Housing ("EUV-SH"). Discount rates between 5.75-8.00% have been used depending on the property archetype (2025: 5.50-7.00%). 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 2026 is shown below:

	2026 – number				**2025 – 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	2,434	-	-	2,434	2,373	-	-	2,373
Supported Housing	215	170	47	432	215	170	47	432
Shared Ownership	17	-	-	17	17	-	-	17
Total Social Housing	2,666	170	47	2,883	2,605	170	47	2,822

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 2026

14. 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.

15. 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 2025	1,080	595	1,092	218	501	3,486
Additions	814	-	-	1	-	815
Revaluation	-	-	-	-	-	-
At 31 March 2026	1,894	595	1,092	219	501	4,301
Accumulated Depreciation						
At 1 April 2025	134	-	1,047	140	501	1,822
Charge for year	76	42	44	18	-	180
Revaluation	-	(42)	-	-	-	(42)
At 31 March 2026	210	-	1,091	158	501	1,960
Net Book Value						
At 31 March 2026	1,684	595	1	61	-	2,341
At 31 March 2025	946	595	45	78	-	1,664

Office premises were valued by an independent professional adviser, Jones Lang LaSalle Limited, on 31 March 2026 in accordance with the appraisal and valuation manual of the RICS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

16. Investment Properties

	Properties held for mid-market rent £'000
Valuation	
At 1 April 2025	1,330
Additions	11
Revaluation taken to operating surplus	(1)
At 31 March 2026	1,340
Net Book Value	
At 31 March 2026	1,340
At 31 March 2025	1,330

Mid-market rent properties were valued at market value subject to tenancy ("MV-T") by an independent professional adviser, Jones Lang LaSalle Limited, on 31 March 2026.

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

	2026	2025
Mid-Market Rent Properties		
Total Units	17	17

17. Debtors

	2026 £'000	2025 £'000
Arrears of rent & service charges	587	462
Adjustment to discount arrears balances with payments plans to NPV	(5)	(5)
Less: Provision for bad and doubtful debts	(433)	(388)
	149	69
Prepayments and accrued income	1,401	-
Other Debtors	1,045	1,292
Due from other group companies	66	281
	2,661	1,642

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 2026

18. Creditors: amounts falling due within one year

	2026	2025
	£'000	£'000
Trade creditors	543	132
Accruals	1,789	1,407
Deferred income (note 19)	9,662	6,156
Rent and service charges received in advance	1,610	1,441
Tax and social security	105	71
Other creditors	572	560
Due to other group companies	5,643	5,276
	19,924	15,043

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

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

	2026	2025
	£'000	£'000
Deferred income	1,024	1,897
Amount due to group company	90,835	86,682
	91,859	88,579

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 £449.5m from a syndicate of commercial banks, two committed facilities totalling £240.9m 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, bilateral banking facilities totalling £535.0m with RBS, Bank of Scotland, Barclays and Nationwide, and £102.3m charitable bonds via Allia Social Impact Investments. This provided total facilities of £2,116.7m 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 2026 , the Association had accessed £91.0m of the intra-group facility secured on its housing stock. Interest in the year has been charged at 4.55% (2025: 4.84%).

Loretto has secured a portion of its housing stock (£160.3m) against this facility. At 31 March 2026, 16.2% (£20.2m) of Loretto's housing properties remained unsecured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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

Borrowings are repayable as follows

	2026 £'000	2025 £'000
In less than one year	-	-
In more than one year but less than five years	-	-
In more than five years	90,835	86,682
	90,835	86,682

Deferred income

	New Build grants £'000	Other grants/ income £'000	Total £'000
Deferred income as at 1 April 2025	8,050	3	8,053
Additional income received	9,564	-	9,564
Released to the Statement of Comprehensive Income	(6,928)	(3)	(6,931)
Deferred income as at 31 March 2026	10,686	-	10,686

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:	**2026 £'000**	**2025 £'000**
In less than one year (note 18)	9,662	6,156
In more than one year but not less than five years	1,024	1,897
In more than five years	-	-
	10,686	8,053

20. Share Capital

Shares of £1 each issued and fully paid	£
At 1 April 2025	33
Issued in year	2
Written off in year	(14)
At 31 March 2026	21

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 2026

21. 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. This valuation revealed a deficit of £79.5m. A Recovery Plan was put in place to eliminate the deficit which runs to 31 March 2030.

The Scheme is classified as a 'last-man standing arrangement', therefore, the Association 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 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

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

The Trustee has completed a review of the changes made to the benefit structures of the defined benefit pension schemes within the Trust, which involved reviewing the changes made to the benefits over the years. The Trustee determined that it is prudent to follow best practice and seek directions from the Court. The resulting Court case, known as Verity Trustees Limited v Wood, commenced on 12 February 2025 and concluded on 28 March 2025. An outcome on the Case is expected no earlier than Q2 of 2026. As at 31 March 2026, it is unclear whether the Verity Trustees Limited v Wood case may give rise to an additional liability in respect of members benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

21. 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 discount rate 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 2026	**31 March 2025**
Discount rate	6.20%	5.80%
Future salary increases*	2.40%	2.20%
Inflation (CPI)	3.00%	2.80%
Inflation (RPI)	3.25%	3.15%

*Salary increases are assumed to be 3.80% for 2026/27, 2.50% in years two to five and 2.00% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2026, mortality assumptions are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions in 2026 and 2025 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 (2025: 20.2 and 22.7 years, respectively)
- Future retiree upon reaching 65*: male 21.9 years, female 24.4 years (2025: 21.5 and 24.2 years, respectively)

*Figures assume members currently aged 45.

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which the Association 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 2026

21. Pensions (continued)

Defined Benefit assets and obligations (continued)
Movements in present value of defined benefit obligation

	2026 £'000	2025 £'000
Opening defined benefit obligation	**22,819**	**25,698**
Interest cost	1,290	1,204
Actuarial gains	(901)	(2,872)
Estimated benefits paid	(1,169)	(1,249)
Administration costs	39	38
Closing defined benefit obligation	**22,078**	**22,819**

Movements in fair value of plan assets

	2026 £'000	2025 £'000
Opening fair value of plan assets	**20,046**	**22,394**
Interest income	1,157	1,045
Experience on plan assets	25	(2,182)
Contributions by the employer	1,001	38
Estimated benefits paid	(1,169)	(1,249)
Closing fair value of plan assets	**21,060**	**20,046**
Net Liability	**(1,018)**	**(2,773)**

Expense recognised in the statement of comprehensive income

	2026 £'000	2025 £'000
Current service cost	-	-
Losses on settlements or curtailments	-	-
Administration costs	39	38
Net interest on defined benefit obligation	133	159
	172	197

The total amount recognised in the statement of comprehensive income in respective of actuarial gains and losses is £926k gain (2025: £690k gain) is as follows:

	2026 £'000	2025 £'000
Remeasurement on account of Defined benefit liability	(901)	(2,872)
Remeasurement on account of plan assets	(25)	2,182
Actuarial gain	(926)	(690)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

21. Pensions (continued)

Defined Benefit assets and obligations (continued)

The major categories of scheme assets were as follows:

Association	2026 £'000	2025 £'000
Equities	2,781	2,322
Corporate bonds	-	-
Property	1,098	1,000
Alternatives (other)	17,173	16,617
Cash	8	107
	21,060	20,046
Actual return on plan assets	1,182	(1,137)

22. 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 – resigned 18 August 2025
Graham McInnes
Jacqui Kelly – appointed 15 September 2025

Transactions entered into with members, and rent arrear balances outstanding at 31 March 2026 are as follows:

	2026 £'000
Rent charged during the year	10
Arrear balances outstanding at 31 March 2026	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

23. Cash flow analysis

Cash flow from operating activities

	2026 £'000	2025 £'000
Deficit for the year	(1,140)	(4,224)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,480	7,032
(Increase)/decrease in trade and other debtors	(1,019)	1,220
Increase in trade and other creditors	1,270	711
Pension costs less contributions payable	(962)	-
Adjustments for investing or financing activities:		
Loss on sale of assets	110	-
Government grants utilised in the year	(6,931)	(7,158)
Interest payable	3,915	3,575
Interest received	(6)	(7)
Decrease in valuation of properties	5,419	9,285
Net cash inflow from operating activities	**8,136**	**10,434**

24. Ultimate parent organisation

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

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

SUPPLEMENTARY INFORMATION

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