

**ARGYLL COMMUNITY HOUSING
ASSOCIATION LIMITED AND
SUBSIDIARIES**



**Report of the Board of Management
and Financial Statements
for the year ended
31st March 2025**

Registration Particulars:

Scottish Housing Regulator

Registered Number: 360

Co-operative and Community Benefit
Societies Act 2014

Registered Number: 2661R (S)

Office of the Scottish Charity Regulator

Registered number: SC042713

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

For the year ended 31st March 2025

Contents

Board of Management, Executives and Advisers	1-2
Strategic Report of the Board of Management	3-14
Statement of Board of Management's Responsibilities	15
Board of Management's Statement on Internal Financial Controls	16
Auditor's Reports	17-21
Statement of Comprehensive Income - Group	22
Statement of Comprehensive Income - Company	23
Statement of Financial Position – Group	24
Statement of Financial Position - Company	25
Statement of Changes in Equity – Group and Company	26
Statement of Cash Flows – Group	27
Statement of Cash Flows – Company	28
Accounting Policies and Notes to the Financial Statements	29-53

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31st March 2025

The Board of Management

The Board of Management and the Executive Officers who held office during the year are as follows:

Board of Management		Appointed	Resigned
Tenant and Independent Members			
Mike Brown		21 st September 2022	
Steven Duffy		20 th March 2025	
Catherine Grant	Chair	22 nd August 2019	
Esther Hughes		4 th February 2021	
Dan Hughes		21 st September 2022	
Mark Irvine	Vice Chair	2 nd February 2023	
Bruce Marshall		12 th July 2012	18 th September 2024
Ian McIntyre		16 th November 2017	
Pat McVey		15 th December 2022	
James Milne	Secretary	14 th June 2012	
Elizabeth Rhodick		24 th May 2018	2 nd October 2024

Argyll and Bute Council Nominees

Jan Brown	19 th May 2022
William Sinclair	2 nd May 2024

Executive Officers

Michelle Mundie	Chief Executive	
Colette Benham	Director of Human Resources and Corporate Services	
Sandra McLeod	Director of Customer Experience	
Allan MacDonald	Director of Finance and IT	
Fiona Campbell	Director of Assets	Resigned 29 th July 2024
William Mulheron	Director of Assets	From 1 st August 2024

All resignations and appointments from 31st March 2025 to the date of signing of the accounts are also included above.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31st March 2025

Registered Office:	Menzies House Glenshellach Business Park Oban PA34 4RY
Auditors:	Alexander Sloan LLP Accountants and Business Advisers 180 St Vincent Street Glasgow G2 5SG
Principal Bankers:	Lloyds Banking Group 120 George Street Edinburgh EH2 4LH
Solicitors:	TC Young 7 West George Street Glasgow G2 1BA
Internal Auditors:	WBG 168 Bath Street Glasgow G2 4TP

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

ABOUT ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED GROUP

The Board of Management present their report and audited financial statements for the financial period 1st April 2023 to 31st March 2025.

Argyll Community Housing Association Limited (ACHA) was incorporated on 27th May 2005. ACHA is a not-for-profit organisation, registered with the Scottish Housing Regulator as a Registered Social Landlord (RSL) No. 360 on 21st November 2006 and constituted as an Industrial and Provident Society incorporated under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 2661R(S)). ACHA was registered as a charity with the Office of the Scottish Charity Regulator on 4th November 2011, registered No. SC042713.

Argyll Homes For All Limited (AHFA) is a wholly owned subsidiary of ACHA incorporated on 27th January 2012. It is a trading company limited by shares and registered with Companies House under the Companies Act 2006, number SC415603.

PRINCIPAL ACTIVITIES

ACHA's principal activity is to provide and manage quality affordable housing accommodation for people in housing need across the Argyll and Bute region. ACHA received 5,398 homes from Argyll and Bute Council as a result of the whole stock transfer on 21st November 2006 and now has 5,195 homes as a result of previous right to buy sales, stock rationalisation and new development / acquisitions. ACHA owns and manages a range of housing for rent in primarily general needs accommodation, some sheltered accommodation and a small number of gypsy traveller sites. It provides accommodation for the homeless through tenancies with Argyll and Bute Council.

The emphasis of ACHA's activities is the provision of quality, affordable and sustainable homes, delivering quality housing and more homes in great places to live and work.

The principal activity of the wholly owned subsidiary, AHFA, is property repairs and maintenance, in addition to small capital works, for ACHA.

GOVERNANCE AND DECISION MAKING

ACHA's organisational structure consists of a voluntary Board of Management (Board) supported by a Senior Management Team (SMT). The Board comprises of tenants (5 places), Argyll and Bute Council nominated representatives (2 places) and independent representatives (5 places). The Regulation of Social Housing (Influence of Local Authorities) (Scotland) Regulations 2018 provides that no more than 24% of governing bodies to be made up of Board members from the local authority. During the year the Board had 2 leavers and recruited 1 councillor and 1 independent member, filling a casual vacancy until the Annual General Meeting. At the 31st March 2025 there was 1 vacancy on ACHA's Board.

The SMT comprises the Chief Executive and each of the directors heading the four functional departments of Housing & Neighbourhood Services, Property Services, Human Resources & Corporate Services, and Finance and IT.

All Board members and staff operate within a set of standing orders, policies and financial regulations. Decisions relating to ACHA's strategic objectives are taken at regular Board meetings whilst operational matters are dealt with by staff. ACHA also has standing committees, which were reviewed in 2024/25 and are comprised of the Risk, Finance and Audit Committee, Policy, Performance and Operations Committee and Staffing and Remuneration Committee. The Risk, Finance and Audit Committee's remit includes all aspects of audit compliance and internal assurance, monitoring risk, treasury and debt write off and the annual accounts and financial statements. The Policy, Performance and Operations Committee has delegated powers to consider customer facing strategies and policies and oversee performance. The Staffing and Remuneration Committee considers matters relating to staffing policies, staffing structure, salary levels and related issues. The Group's Standing Orders and Scheme of Delegation were amended in 2024/25 to take account the new committee remits.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

ACHA also has a Health and Safety Committee comprising of staff in recognition of the key strategic importance of health and safety compliance across the Group.

AHFA is a wholly owned subsidiary and is a company limited by shares. AHFA has a Board of Management and Board members operate according to established standing orders, policies and financial regulations. AHFA has no sub committees. AHFA has a Board comprising of 6 members, 4 of whom are Board members of ACHA, 2 who are independent members. During 2024/25, 1 AHFA Board member stood down and a Board of Management member joined the AHFA Board. There was 1 vacancy at the year end. AHFA operates across the whole of the Argyll and Bute region with 2 principal office locations being Oban and Helensburgh. It has a Managing Director who oversees all aspects of its functions. AHFA's Managing Director retired in January 2025 with a recruitment exercise undertaken and a new Managing Director appointed in April 2025.

RISK MANAGEMENT

The Group's risk appetite and strategic risk register were reviewed by Board members at its Strategy Day on 26th February 2025 and the Group Risk Registers are reviewed on a quarterly basis by the Risk, Finance and Audit Committee.

An approved internal audit programme was undertaken during the year, with the outcomes of the internal audit reviews considered by officers and reported to the Risk, Finance and Audit Committee who monitor any outstanding recommendations and actions. The internal audit annual plan for the 2025/26 financial year was approved by the Audit Committee in February 2025 and is underway.

An independent strategic review of AHFA's operations and governance was undertaken by David Tolson Partnership in 2024/25 and the actions arising from the review will be taken forward in 2025/26.

ACHA was compliant with its regulatory requirements throughout the year. The Scottish Housing Regulator engaged with the Association on Notifiable Events submitted throughout the year and continued to engage with the Association regarding its development plans and because it is deemed to be a systemically important landlord due to its significance within its area of operation. Representatives from the Scottish Housing Regulator attended a Board meeting in November 2024 in line with the Engagement Plan.

HEALTH AND SAFETY

The Group employs a Health, Safety and Environmental Advisor and has a health and safety committee comprised of staff members. A Board member also attends the meetings. A quarterly update is provided by the Health, Safety and Environmental Advisor and the Property Services Manager to the Board of Management on Group safety issues, as well as tenant/resident safety. An annual audit of Health & Safety Management systems is undertaken, to assess compliance with current Health & Safety legislation and best practice. The Health, Safety and Environmental Advisor also carries out additional internal health and safety system audits to ensure compliance. ACHA continue to take a pro-active approach to delivering an effective Safety Management System to continue to meet its Health and Safety obligations.

STAFF

The ACHA group employed 259 full time equivalent (FTE) staff during 2024/25 (weighted FTE – breakdown within note 7 to the accounts), an increase of 4 on the 255 full time equivalent staff during 2023/24. Staff turnover at the end of March 2025 was 9.64%, a significant decrease on the figure of 15.19% and well below the target of 14.0%. Exit trends indicate retirement, temporary contracts and career progression as being our key reasons for leaving, potentially due to the ongoing Transformation Programme.

Sickness absence rates for 2024/25 have decreased to 3.88%, against a target of 3.4%. Trigger points for short term and long term absence are followed up at an early stage to allow individuals to access a wealth of health and wellbeing programmes. The Group has a disability passport scheme introduced to ensure those who need it have in place a process to review what reasonable adjustments may be needed to keep our staff working and managing health conditions. ACHA continue to refresh the 'one

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

stop' Group wide Health and Wellbeing Policy, training for managers, and add to our wide range of health programmes to support staff.

OBJECTIVES, OPERATIONS AND PERFORMANCE

Performance Management

Performance levels are routinely monitored by staff delivering services, the SMT and Board. The Scottish Housing Regulator monitors and reports on ACHA's performance using the Annual Return on the Charter (ARC). For the ARC, ACHA submits data pertaining to performance indicators which are measured against other social housing providers in Scotland. ACHA use these comparisons to help set our own performance targets which, as a minimum, will be to at least meet the Scottish National Average.

ACHA publishes our Landlord Report to show how we are performing against the standards set out in the Scottish Social Housing Charter, ensuring tenants and others can assess the effectiveness of our work and allowing us to identify where improvement can be made. The most recent report was published in October 2024.

The Scottish Housing Regulator also requires ACHA to submit an Annual Assurance Statement. The purpose of this statement is for ACHA's Board to assess whether they are assured that the organisation complies with regulatory requirements.

Each year the Scottish Housing Regulator publishes an Engagement Plan for each landlord. This outlines what they will do and details Regulatory returns which we must provide in order for the Scottish Housing Regulator to monitor our performance.

It is important that tenants and other customers have the opportunity to provide feedback on the services they receive and ACHA conducts a number of different surveys throughout each year.

Complaints information is used as a learning tool, together with other performance information such as satisfaction surveys and benchmarking of performance indicators. This helps to build an accurate picture of how services are performing and assists in developing service improvements. Areas of concern are also reviewed and considered by the Board as part of their Strategic Planning role and may be included in the Corporate Strategic Plan, which sets out ACHA's aims and objectives going forward.

Each of the four departments within ACHA also develops and maintains a directorate plan setting out their departmental objectives for the year ahead.

Tenant Participation and Customer Involvement

We value the involvement of our customers in shaping the services and decisions that impact their homes and communities. We believe that engaging with customers is not just about listening, but actively collaborating to ensure that their voices are heard, respected, and acted upon. Through regular consultations, feedback opportunities, and meaningful partnerships, we are committed to making customer involvement a cornerstone of our operations, ensuring that the needs and aspirations of our residents are at the heart of everything we do. Our Governing Body is made up of tenants, independent members and representatives from Argyll and Bute Council. In addition to the Board, tenants and other interested parties are able to participate and get involved in the following ways:

- By joining our Feedb@ck Forum, which gives tenants and other customers the opportunity to review and comment on consultations from the comfort of their own home.
- By becoming a member of ACHA for just £1 for life, and attending our Annual General Meeting.
- By becoming a member of a local Registered Tenant Organisation - ACHA currently supports one group; Dalintober & Millknowe Tenants & Residents Association.
- By joining the "Your Voice" tenant scrutiny group, who have a key role in evaluating ACHA's services, assessing performance and working with us to achieve change.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

- By joining Estate Walkabouts which are jointly carried out by tenants, owners and ACHA officers to identify areas for improvement within communities.
- By taking part in consultation events which can be large scale events or more localised for specific communities.
- By providing view on our services, policies and proposals through surveys and questionnaires.
- By providing views on recent news and proposals on our social media.

Through the life of our Customer Involvement Strategy 2024-2029 our ambition is to encourage more customers to engage with ACHA, to help us to challenge, change and improve how we operate and deliver services.

Housing Allocations

ACHA is one of the main Social Housing providers in the Argyll and Bute area. Our properties are allocated via a Common Housing Register, HOME Argyll (Housing Options Made Easy), which is operated in partnership with Dunbritton Housing Association, West Highland Housing Association, Fyne Homes and Argyll and Bute Council. Having a common housing register means that applicants seeking rehousing only have to complete one online application form which can be accessed via any of the Partner websites. Applicants are also required to complete a Housing Options questionnaire, which is aimed at helping applicants make informed decisions regarding their housing requirements.

As at 31st March 2025 there were a total of 3,480 applicants on the HOME Argyll waiting lists.

During 2024/25 ACHA let 413 properties to applicants from the following waiting list categories:

Statutory Homeless	151 (37%)
Direct Waiting List	167 (40%)
Transfer Waiting List	75 (19%)

In addition, we let a further 20 properties (5% of lets) to external agencies for specific purposes.

Tenants from the partner organisations are also able to “swap” houses via our mutual exchange facility. During 2024/25, 51 tenants were able to move into more suitable accommodation via this scheme.

Estate Management and Anti-Social Behaviour

Our staff complete regular inspections of our estates and play parks and encourage all our tenants to take pride in the community in which they live. Last year we launched Estate Walkabouts where tenants, residents and other interested parties are invited to join us to inspect areas and highlight any issues they would like resolved. ACHA is not the sole landowner or landlord with responsibilities for the maintenance of open spaces, and therefore whenever possible, we work with other owners for the benefit of our estates and the wider community. An example of this is the work undertaken via our Exemplar Estates project which aims to improve the appearance of estates throughout Argyll and Bute.

Our last tenant satisfaction survey revealed that 93.73% of our tenants were satisfied with the management of the neighbourhood that they lived in.

We judge the annual ‘Garden in Bloom’ competitions in each area. This is an opportunity to recognise the hard work and commitment from tenants in maintaining their gardens.

Part of our Estate Management work includes supporting tenants and other members of the community who are experiencing anti-social behaviour. During the year we resolved 93% of the 57 cases reported to us within target. ACHA does not have sole responsibility for dealing with anti-social behaviour and very often we will rely on the assistance of Police Scotland or other agencies to assist us in resolving anti-social behaviour in our areas. ACHA did not raise any court actions in respect of anti-social behaviour in 2024/25.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

Factoring and Private Owners

ACHA's day to day factoring undertakings involve private owners where they own properties in shared blocks, estates or common ground. As many owners have a shared responsibility they also have an ability to influence decision making, and a legal responsibility for maintenance, upkeep and repairs to common property and common areas.

During the financial year of 2024/25 the number of owners signed up to ACHA's comprehensive factoring service remained static with 384 owners, from a total of 117 blocks, who had previously entered into a formal arrangement. The comprehensive service is in place to arrange repairs, maintenance and upgrading work to common blocks to maintain and improve the property for all residents and provide customers with access to the repairs service and customer service centre to report work required. The static figures for the last year can mainly be attributed to the fact that ACHA undertook a full review of their factoring service, resulting in the suspension of any further owners being signed up to the comprehensive factoring service pending the outcome of the review and the resulting actions to be taken forward. In addition, the end of the Warm Homes External Wall Insulation project meant there were no further owners signed up as a condition of the associated grant funding.

A full review of the factoring service was undertaken during 2024/25, with a comprehensive list of recommendations made in relation to options to grow and enhance the current factoring offer provided by ACHA.

Welfare Rights Service

The Welfare Rights team played an important role during the financial year of 2024/25 in relation to assisting 1,351 tenants with a wide range of enquiries. Welfare Rights Officers support tenants by providing expert advice on benefits and financial entitlements, helping tenants claim what they are eligible for and challenging incorrect decisions. We work in partnership with other agencies such as ALI Energy and the Flexible Food Fund, with 309 tenants referred during 2024/25. The Welfare Rights Officer's goal is to maximise tenant's income, reduce financial stress and help our tenants maintain stable housing. The team remains committed to undertaking training to ensure they stay up to date with developments in legislation and policy.

ACHA is working in partnership with the Housing Associations Charitable Trust (HACT), which enables fuel vouchers to be issued to tenants with pre-payment gas and electricity meters in financial difficulty. During 2024 we issued vouchers to over 380 households bringing in an amount of just over £0.104m. The HACT 2025 funding stream is now open with 163 households assisted so far bringing in a total gain to our tenants of £0.023m.

Total client gain recorded for 2024/25 was £4.1 million, reflecting the continued level of need for support with income maximisation. Within that figure, Universal Credit Housing Cost elements of £1.1 million were secured, Housing Benefit payments of £0.406m were paid and Discretionary Housing Payments of £0.161m were awarded.

Sheltered Housing

ACHA has 176 Sheltered homes spread across 8 complexes, that offer a comfortable, friendly and safe self-contained home with additional services to help older people to live independently within the community for as long as possible. Our Community Support Assistants are registered with the Scottish Social Services Council and provide housing support including development of person centred Support Plans for all tenants.

The projected population demographics for Argyll and Bute against the current demographics of our tenants, demonstrate a need for a strategic review of how we provide support and services to our older tenants, analysing service needs now, and in to the future.

To this end, we are in the process of a full review of our Sheltered Housing Services, considering demand analysis, assessment of need and affordability.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

Phase 1 of this review concluded in March 2024 and resulted in the de-registration and re-classification of two of our self-contained Island complexes, along with the pilot of a new Wellbeing Service on Islay. The purpose of this being to provide a tailored, focussed, enhanced tenancy management service, improving wellbeing and tenancy sustainment.

Phase 2 is currently underway and is due for conclusion by the end of 2025. So far we have conducted demand analysis, assessment of need and review of current service provision. We have carried out individual tenant surveys and conducted meetings for tenants and their families attended by TPAS Scotland. Formal consultation is in progress and tenants have been given the option to move to a more flexible service, incorporating increased digital communication and inclusion.

Significant investment works have been undertaken at Ferfadd Court on Bute to ensure water safety and associated compliance. A full re-wire of the building along with energy efficient heating system ensures the comfort and safety of our tenants.

Gypsy Traveller Sites

ACHA owns and operates 2 sites for Gypsy/Travellers, currently offering 11 pitches. There are sites at:

<u>Gypsy Traveller Sites</u>	<u>2025</u>	<u>2024</u>
Lochgilphead, Duncholgan	7	7
Oban, Bayview	4	4
	<u>11</u>	<u>11</u>

Each pitch offers an amenity unit with kitchen and bathroom facilities, and an electric hook up. We recently undertook works to increase the size and reduce the number of pitches on both Bayview and Duncholgan which improved space standards, and the environment for our tenants as well as ensuring that we complied with fire safety regulations. We recognise that our gypsy traveller sites still require major improvements and have worked with our residents and other agencies such as the Local Authority, MECOPP and our Architects to produce costed plans for significantly improving both our gypsy traveller sites, with a view to applying for funding for this when available.

Voids (Empty Houses)

ACHA aims to limit the length of time that our properties remain empty. Wherever possible we will pre-allocate properties in order to reduce the length of time that they are empty to maximise our potential income. There has been significant focus on voids over the last few years. In 2023/24 our void relet time was 32 days, down significantly from 45 days the previous year. Our void relet days for 2024/25 was 31 days and remains lower than the Scottish average.

HOUSING STOCK

Maintaining Our Houses

ACHA seeks to maintain its properties to the highest standards, with programmes of cyclical repairs carried out in the medium term to deal with the gradual and predictable deterioration of building components. ACHA also undertakes reactive or responsive repairs and maintenance based on emergency and routine works requests from its tenants and factored owners. In addition, ACHA has a long-term programme of major repairs which have become necessary since the original developments were completed, including works required by subsequent legislative changes.

Repairs Category (Average Completion Time)

Emergency	2.67 hours	(2023/24– 3.17 hours)
Non-Emergency	13.19 days	(2023/24 – 11.8 days)

Repairs satisfaction is monitored in a number of ways (including telephone surveys, physical post inspection of work and via returned satisfaction questionnaires). Satisfaction levels have dropped slightly but remain high, with 92.59% of respondents confirming that they were happy with our repairs service.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

Investing to Improve the Housing Stock

ACHA has delivered the following elements of work during 2024/25:

Investment programme – Element completions	Planned	Outturn	Percentage
No of kitchen/bathrooms	140	109	78%
No of window/door	196	177	90%
No of heating/rewire	228	292	128%
No of roof/roughcast	66	66	100%
No of energy efficiency upgrades	251	251	100%

The total number of elements required for completion this year of all types was 881, ACHA delivered 895 elements equating to 102% of the targeted objective.

After carrying out a 100% stock condition survey in 2019, and having an independent update of this information in 2022 we continue to address the fails in the SHQS that were identified, a substantial number of these fails were energy efficiency fails, which has also impacted on our performance in meeting the EESSH target. This will continue to be our focus to address all of these fails and improve the energy efficiency of our homes. ACHA have completed all of the homes that were funded through the Home Energy Efficiency Programme for homes in the Tarbert / Bute area (46). Through the Scottish Government's Social Housing Net Zero fund we have completed the upgrade of 20 flatted properties on Bute. The Association secured ECO 4 (Energy Company Obligation) funding of £2.3 million pounds allowing for the delivery of energy efficiency measures being installed within 251 Association properties, this funding assisted with improving the energy efficiency within the properties and raised the energy performance certificate from G, F, E and D to a minimum of B which allows the Association to meet the EESSH2 criteria.

Developing New Housing Stock

We have not completed any new build sites in this financial year, we have purchased 16 properties with the assistance of the Scottish Government's buy back scheme following completion of necessary repairs these properties will provide much needed homes. We also received approval to demolish 46 flats at Dalintober in Campbeltown with plans in place to build energy efficient new homes on the site commencing during 2026.

Argyll Homes For All

Annual Performance Review 2024/25

Argyll Homes for All Limited (AHFA) is a wholly owned subsidiary of the Argyll Community Housing Association (ACHA). It was established in 2012 to provide a dedicated, responsive, and repairs and maintenance service across ACHA's housing stock of 5,195 homes. In addition to day-to-day repairs, AHFA also undertakes cyclical servicing, small capital works, and refurbishment programmes, ensuring homes remain safe, efficient, and well-maintained for tenants throughout Argyll and Bute.

Operational Performance

Over the last financial year, AHFA successfully completed more than 24,000 individual repair and maintenance jobs. These ranged from emergency repairs and routine maintenance to property refurbishments and planned servicing programmes. Our teams also delivered a high volume of specialist servicing contracts, which are essential to maintaining regulatory compliance and ensuring tenant safety.

To meet the varied and sometimes complex needs of ACHA's geographically diverse housing stock, including properties in remote and island locations, AHFA continues to supplement its core internal

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

workforce with a carefully selected group of approved external contractors. These partners are engaged when specialist expertise is required or during peak periods of demand. This hybrid service model has proven effective in maintaining service continuity and meeting service-level agreements.

The range of services delivered under contract to ACHA includes:

- Reactive repairs and term maintenance
- Gas servicing and maintenance
- Solid fuel appliance servicing
- Gutter cleaning and inspection
- Electrical periodic inspections
- Fire alarm servicing and testing
- Pressurised water systems servicing
- External painting and pre-paint repair works
- Grounds maintenance
- Delivery of small-scale capital works

Customer Satisfaction & Sector Challenges

Despite significant challenges affecting the housing and construction sectors, including rising material costs, labour shortages, and contractor availability AHFA has consistently delivered high-quality services. Customer satisfaction remains above the national average, reflecting our ongoing commitment to responsive service, professionalism, and tenant care.

Strategic Partnerships and Contract Growth

AHFA continues to strengthen its partnerships with other housing providers. We are now in the third year of a long-term Repairs and Voids contract with West Highland Housing Association (WHHA). In 2024/25, we were pleased to commence a new contract to deliver grounds maintenance services for WHHA. In addition AHFA also deliver a Gas Servicing contract on behalf of Fyne Homes, further expanding our service delivery in a wider geographic area.

These contracts have delivered positive outcomes, with key performance indicators trending upward, particularly in areas such as response times, completion rates, and overall customer satisfaction. We view these external partnerships as a vital part of AHFA's growth and sustainability strategy.

Visibility and Community Presence

AHFA is a familiar and trusted presence in communities across Argyll. Our vehicle fleet is fully liveried, and our operatives are clearly identifiable in branded uniforms, reinforcing public trust and organisational identity. Visibility is not only important for accountability, but also helps promote a sense of reassurance and community engagement among tenants.

People and Workforce Development

AHFA is committed to investing in training, development, and wellbeing. In 2024/25, we continued to expand our structured training and upskilling programme, which included:

- Regular internal toolbox talks focused on safety, operational updates, and quality standards
- Specialist external training delivered in partnership with industry bodies, manufacturers, and further education institutions
- Self-led learning and certification in health and safety modules, ensuring all staff are equipped with up-to-date knowledge and best practices

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

This investment ensures we meet regulatory obligations, enhances service quality, and provides clear career pathways for our staff. It also supports staff retention and succession planning, which are key elements in sustaining long-term service delivery.

Financial Performance

For the financial year 2024/25, AHFA reported a profit of £0.032m. This result again reflects the broader economic challenges currently impacting the housing and maintenance sectors, including rising costs and resource constraints. Despite this, AHFA has continued to demonstrate effective resource management, strong governance, and a commitment to delivering value through strategic planning and operational efficiency.

Looking ahead to 2025/26, we are actively exploring opportunities to increase productivity and maximise efficiencies across all areas of the business. These efforts are aimed at strengthening our financial performance and supporting long-term, sustainable growth.

Summary

In Summary, AHFA continues to play a vital role in maintaining and enhancing the homes and communities within Argyll and Bute. Through a combination of in-house expertise, strategic partnerships, community presence, and investment in our people, AHFA remains a resilient and responsive organisation well positioned to meet the challenges of the years ahead.

FINANCIAL REVIEW

Rental Income

Rents are our main source of income and are a key factor in what we can spend on services in future years. ACHA increased rents during the period by 6.0% with the average rent, including service charges, across all stock being £106.75 for 2024/25. In February 2025 the Board approved a rent increase of 4.75% for 2025/26. Rent receivable for 2024/25 was £28.94 million, an increase of £1.67 million, or 6.1%, from the £27.27 million in 2023/24.

Rent Arrears and Bad Debt

Rent arrears at 31st March 2025 is set out below.

Rent Arrears	Amount £000	%	Written Off	£000
Current Tenants	992			
Former Tenants	295		124	
Total	1,287			

The year-end figure for current tenants is 3.4% (3.0% 2023/24) against a target of 2.5%, which is calculated by taking the current tenant arrears at the year-end of £0.992 million and dividing this by the Gross Rent Charge £28.94 million. The timing of receipt of housing benefit and universal credit, which is paid in arrears, will mean this current tenant value is higher than in reality (i.e. technical arrears).

Voids (Empty Houses)

ACHA aims to limit the length of time that our properties remain empty. Wherever possible we will pre-allocate properties in order to reduce the length of time that they are empty to maximise our potential income. On average, it took 31.49 days to re-let a property (this includes low and no demand properties). Void re-let times have improved during the 2024/25 financial year. Within the year we have undertaken a process / systems review which led to the roll-out of new ways of working around void work and allocations. This has led to a quicker turnaround time in re-letting voids.

During 2024/25, ACHA lost rental income to the value of £0.69 million due to properties not being re-let, a reduction of £0.15 million on the previous year.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

Sundry Debt Income and Bad Debts

A total of £1.295 million of sundry debtor invoices were issued by the group within 2024/25 compared to £1.595 million in 2023/24. This reduction is mainly due to increased grant income for projects within the previous year. In total the amount of outstanding debt as at 31st March 2025 decreased to £1.046 million compared to £1.595 million at the previous year-end. Bad debts written off during the year amounted to £0.564 million compared to £0.031 million in 2023/24. Sundry debt provided for during 2024/25 decreased by £0.450 million on the previous year.

Grant Income

During 2024/25 ACHA received Housing Association Grant (HAG) of £1.200 million and Strategic Housing Fund (SHF) of £0.264 million to support acquisitions / buy-back properties. A grant of £0.283 million was received relating to expenditure on Aids and Adaptions projects.

Expenditure

Expenditure on management and administration costs during 2024/25 increased to £7.82 million from £7.30 million in the previous year. This is mainly due to combination of increases in IT and insurance costs in addition to some one off / non-recurring costs for organisational transformation. Planned and cyclical maintenance (including major repairs) expenditure in 2024/25 was £3.54 million compared to £3.51 million in 2023/24. Reactive maintenance expenditure, for the Association, was £5.63 million compared to £5.21 million, an increase of £0.42 million and attributed to an increase in the Reactive Maintenance contract between ACHA and its subsidiary to reflect increasing costs of materials and labour. For the group, the net expenditure on reactive maintenance was £5.62 million in 2024/25, an increase of £0.31 million from £5.31 million in the previous year. Depreciation on social housing charged during 2024/25 was originally £7.202 million compared to £9.583 million in the previous year. This decrease is due to the adjustment made during 2023/24 (prior year) to update the economic useful life of boilers (from 30 years to 15 years), with the reduction on grant amortisation consistent with this also.

Creditor Payment Policy

The payment policy, which ACHA follows, is to pay for all purchases within 28 days, although some payments are settled in 14 days, and/or in accordance with creditor terms of business. For ACHA, the average creditor payment period for 2024/25 was 27 days against 25 days for the prior year, with 5,315 invoices being processed for payment compared to 5,570 in the prior year. For AHFA the average creditor payment period for 2024/25 was 24 days against 23 for the prior year, with 12,374 invoices processed against 11,931 in the prior year.

Assets

Housing properties, net of depreciation, was reported at £193.60 million in 2024/25, an increase of £0.23 million from £193.37 million in 2023/24. From this, increases include £1.20 million of new build expenditure and acquisitions and £7.59 million of expenditure on existing properties, with disposals of £1.57 million, there was no impairment and a depreciation charge (for housing assets) of £6.98 million (after adjustment for disposals) during the year. Debtors decreased to £1.62 million from £2.91 million in 2023/24, mainly in relation to timing accrued income at the year end in relation to grant and direct housing payments. Cash held within the group at the 31st March 2025 was £3.72 million compared to £2.40 million at the previous year-end.

Liabilities

The group position on creditors due within one year increased to £15.97 million in 2024/25 from £8.38 million in 2023/24, due mainly to the timing of a scheduled loan repayment. Creditors due in more than a year decreased from £139.74 million to £129.10 million, mainly due to the timing of repayment of the same loan.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

No additional loan funding was drawn down during the 2024/25 financial year. During the financial year ACHA paid a total of £3.01 million in relation to loan interest and repaid £0.109m of capital loan repayments on amortising loans. More detail on these loans is contained within Note 19.

Pensions

The actuarial report for the Strathclyde Pension Fund showed an increase in the pension surplus for the ACHA group of £16.886 million, with the net surplus at £17.289 million compared to a £0.403 million surplus in the previous year. In terms of presentation in the accounts, no surplus is recognised within the financial statements. The gain is unrecognised in line with Financial Reporting Standard 102 (FRS 102).

Reserves

At the year-end 31st March 2025 the revenue reserves balance of the ACHA group had moved from a £52.64 million surplus to a surplus of £55.64 million.

ACHA's business plan incorporates planned costs for cyclical repairs and replacements across the 30-year business plan. The borrowing profile therefore incorporates costs without relying upon a specific designated reserve.

GOING CONCERN

The Audit Committee on behalf of the Board has considered ACHA's going concern status and is satisfied the ACHA has sufficient borrowing facilities in place to support the business plan, which demonstrates full repayment within the 30-year viability profile. In the view of the organisation therefore the test of being considered a going concern has been met.

FUTURE OUTLOOK

The ACHA Group corporate strategy (2024 to 2029) sets out our continued ambition, vision and strategic direction for the next 4 years. This strategy sets high standards for the delivery of services to our tenants and for us as an organisation. It demonstrates our ambition to grow as an organisation and to deliver excellent customer service, whilst achieving value for money for our tenants.

Throughout 2024 the Group progressed with its Transformation Programme, agreeing new design principles and a target operating model through significant staff consultation and co-design. This included designing the principles needed for ACHA to achieve transformation across our customer experience, culture, digital offering, processes and overall business structure. Our digital strategy and related IT projects were reviewed to ensure our digital transformation was aligned to support the overall organisational transformation required.

A hub model will be implemented, to develop area management and investment strategies reflecting local communities and looking to continuously improve performance from a customer, housing quality, financial and community perspective.

In January 2025, the Board approved a new organisational staffing structure which will be implemented on a phased approach during 2025 and 2026.

Work has been ongoing during 2025 to refinance our existing loan portfolio which has been in place since the 2006 stock transfer. This includes proposals to increase our loan borrowing to support our growth and development plans, specifically to support new build development across Argyll against the backdrop of the current local and national housing emergency. An options appraisal will be presented to the Board in the autumn of 2025, with a timeline for funding to be in place for April 2026.

A number of key challenges remain for the group, including:

- Assessing new build development opportunities to help Argyll and Bute Council address the local housing emergency, against a mismatch of supply and demand in terms of size, type, location and tenure of stock

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

STRATEGIC REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31st March 2025

- Wider macro-economic impact on the cost of living pressures for our tenants alongside similar cost pressures for the ACHA group, balancing rent affordability for tenants and the financial viability of the group business plan.
- Supply chain and labour resource pressures

Achieving our ambition is underpinned by ensuring that the group remains a financially strong and resilient organisation that can continue to grow and develop the homes and services we provide across Argyll and Bute. A key part of this is ensuring alignment between our financial plans, transformation programme and our proposed refinancing, ensuring that the investment is affordable and supports the long term ambitions of the group while retaining rent affordability for our tenants as a priority.

AUDITORS

ACHA tendered for the external audit service during 2021 and appointed Alexander Sloan at the 2021 Annual General Meeting. Alexander Sloan have been contracted for a period of three years with an option to extend for a further two years.

By order of the Board of Management



Cathy Grant
Chair of the Board of Management

Date: 4/9/2025

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31st March 2025

Statute requires the Board to prepare financial statements for each financial year which give a true and fair view of the affairs of ACHA and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board confirms that the financial statements comply with these requirements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of ACHA and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 as revised, and the Determination of Accounting Requirements 2024. They are also responsible for safeguarding the assets of ACHA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that they have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board of Management



Cathy Grant
Chair of the Board of Management

4/9/2025

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES
BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31st March 2025

The Board acknowledge their ultimate responsibility for ensuring that ACHA has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within ACHA or for publication
- the maintenance of proper accounting records and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Board's responsibility to establish and maintain systems of internal financial control. The Board can only provide reasonable assurance and not absolute assurance against material financial mis-statement or loss. Key elements of controls include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of ACHA's assets. Core policies have been established and others continue to be developed
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, and significant variances from budgets are investigated as appropriate
- ACHA's performance against the business plan is reviewed regularly
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Board members and Co-optees
- the Board reviews reports from their SMT, staff and from the internal and external auditors, and from specialised consultants to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing ACHA
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports
- an Internal Audit Needs Assessment has been developed by ACHA in accordance with established audit practice and internal audit has been in operation this year.

The Board has reviewed the system of internal financial control in ACHA for the year ended 31st March 2024 and until the below date. To the best of its knowledge, no weaknesses were found in internal financial controls which could result in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

These arrangements comply with the requirements contained in the Scottish Housing Regulator's regulatory standards.

By order of the Board of Management



Cathy Grant
Chair of the Board of Management

Date: 4/9/2025

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2025

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on page 16 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSL's in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non- compliance.

Opinion

In our opinion the statement on internal financial control on page 16 has provided 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 and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW

5/9/2025



Alexander Sloan
Accountants and Business Advisers

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2025

Opinion

We have audited the financial statements of Argyll Community Housing Association Limited (the 'parent Association') and its subsidiaries (the 'group') for the year ended 31st March 2025 which comprise the group and parent Statement of Comprehensive Income, the group and parent Statement of Financial Position, the group and parent Statement of Cash Flows, the group and parent Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Association's affairs as at 31st March 2025 and of the surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.

Other information

The Board of Management is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2025

- proper books of account have not been kept by the parent Association in accordance with the requirements of the legislation
- a satisfactory system of control over transactions has not been maintained by the parent Association in accordance with the requirements of the legislation
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the parent Association or group or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Management

As explained more fully in the statement of Board of Management's responsibilities as set out on page 15, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the group and parent 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 the Board of Management either intend to liquidate the group or the parent Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations
- we gained an understanding of the legal and regulatory framework applicable to the group and parent Association through discussions with the Board of Management and other management, and from our wider knowledge and experience of the RSL sector
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2025

We assessed the susceptibility of the group and parent Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships
- tested journal entries to identify unusual transactions
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation
- reviewing the minutes of meetings of those charged with governance
- enquiring of management as to actual and potential litigation and claims
- reviewing the parent Association's Assurance Statement and associated supporting information and
- requesting correspondence with the Scottish Housing Regulator, HMRC and the group and parent Association's legal advisors.

The extent to which the audit was considered capable of detecting irregularities including fraud

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Description of the auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members 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 the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

INDEPENDENT AUDITORS REPORT

For the year ended 31st March 2025



ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW

5/9/2025



Alexander Sloan
Accountants and Business Advisers

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2025

	<i>Note</i>	2025 £000	2024 £000
Turnover	2	33,724	34,048
Operating costs	2	<u>(26,459)</u>	<u>(28,469)</u>
Operating Surplus		7,265	5,579
(Deficit) on disposal of housing fixed assets		(850)	(670)
Finance income	9	15	517
Finance charges	10	<u>(3,022)</u>	<u>(2,443)</u>
Surplus on ordinary activities before Taxation		3,408	2,983
 Taxation	 11	 <u>-</u>	 <u>-</u>
Surplus for the year		<u>3,408</u>	<u>2,983</u>
Actuarial gain/(loss) on pension scheme	27	<u>(403)</u>	<u>124</u>
Total comprehensive income for the year		<u>3,005</u>	<u>3,107</u>

All figures relate to continuing operations.

The notes on pages 29 to 53 form part of these financial statements.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2025

	<i>Note</i>	2025 £000	2024 £000
Turnover	2	33,858	34,185
Operating costs	2	<u>(26,603)</u>	<u>(28,506)</u>
Operating Surplus		7,255	5,679
(Deficit)/surplus on disposal of housing fixed assets		(850)	(670)
Finance income	9	-	505
Finance charges	10	<u>(3,022)</u>	<u>(2,442)</u>
Surplus on ordinary activities before Taxation		3,383	3,072
Taxation	11	<u>-</u>	<u>-</u>
Surplus for the year		<u>3,383</u>	<u>3,072</u>
Actuarial gain/(loss) on pension scheme		<u>(71)</u>	<u>(197)</u>
Total comprehensive income for the year		<u>3,312</u>	<u>2,875</u>

All figures relate to continuing operations.

The notes on pages 29 to 53 form part of these financial statements.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF FINANCIAL POSITION

As at 31st March 2025

	Note	2025 £000	2024 £000
Property, plant & equipment			
Housing properties	12	193,604	193,369
Other Fixed Assets	13	1,572	1,521
		<u>195,176</u>	<u>194,890</u>
Current assets			
Stock and work in progress	15	190	154
Debtors	16	1,621	2,912
Cash at bank and in hand	17	3,720	2,399
		<u>5,531</u>	<u>5,465</u>
Creditors: amounts falling due within one year	18	(15,965)	(8,380)
Net current assets / (liabilities)		<u>(10,434)</u>	<u>(2,915)</u>
Total assets less current liabilities		184,742	191,975
Creditors: amounts falling due after one year	19	(129,099)	(139,740)
Provisions for liabilities and charges: Deferred tax	11	-	-
Net assets before pension deficit		55,643	52,235
Pension asset	27	-	403
Net assets after pension deficit		<u>55,643</u>	<u>52,638</u>
Capital and reserves			
Share capital	21	-	-
Revenue Reserves		55,643	52,638
Designated Reserve		-	-
Shareholders' funds		<u>55,643</u>	<u>52,638</u>

The notes on pages 29 to 53 form part of these financial statements.

These financial statements were approved by the Board of Management, authorised for issue and signed on their behalf by:

4/9/2025

Chair of the Board of Management

Cathy Grant



Board member

James Milne



Secretary

Mark Irvine



ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31st March 2025

	Note	2025 £000	2024 £000
Property, plant & equipment			
Housing properties	12	193,604	193,368
Other Fixed Assets	13	1,549	1,503
		<u>195,153</u>	<u>194,871</u>
Current assets			
Stock and work in progress	15	-	-
Debtors	16	2,816	2,841
Cash at bank and in hand	17	3,309	2,271
		<u>6,125</u>	<u>5,112</u>
Creditors: amounts falling due within one year	18	<u>(16,647)</u>	<u>(8,105)</u>
Net current assets / (liabilities)		<u>(10,522)</u>	<u>(2,993)</u>
Total assets less current liabilities		184,631	191,878
Creditors: amounts falling due after one year	19	(129,099)	(139,740)
Provisions for liabilities and charges: Deferred tax	11	<u>-</u>	<u>-</u>
Net assets before pension deficit		55,532	52,138
Pension deficit		-	82
Net Surplus after pension deficit		<u>55,532</u>	<u>52,220</u>
Capital and reserves			
Share capital	21	-	-
Revenue Reserves		55,532	52,220
Designated Reserve		<u>-</u>	<u>-</u>
Shareholders' funds		<u>55,532</u>	<u>52,220</u>

The notes on pages 29 to 53 form part of these financial statements.

These financial statements were approved by the Board of Management, authorised for issue and signed on their behalf by:

4/9/2025

Chair of the Board of Management

Cathy Grant



Board member

James Milne



Secretary

Mark Irvine



ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF CHANGES IN EQUITY
As at 31st March 2025

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2024	-	52,638	52,638
Changes in equity			
Total comprehensive income	-	3,005	3,005
Designated Reserve	-		
Balance at 31 March 2025	-	55,643	55,643

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2023	-	49,531	49,531
Changes in equity			
Total comprehensive income	-	3,107	3,107
Designated Reserve	-	-	-
Balance at 31 March 2024	-	52,638	52,638

COMPANY STATEMENT OF CHANGES IN EQUITY
As at 31st March 2024

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2024	-	52,220	52,220
Changes in equity			
Total comprehensive income	-	3,312	3,312
Designated Reserve	-	-	-
Balance at 31 March 2025	-	55,532	55,532

	Called up share capital £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2023	-	49,345	49,345
Changes in equity			
Total comprehensive income	-	2,875	2,875
Designated Reserve	-	-	-
Balance at 31 March 2024	-	52,220	52,220

The notes on pages 29 to 53 form part of these financial statements.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31st March 2025

	<i>Notes</i>	2025		2024	
GROUP STATEMENT OF CASH FLOWS		£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	23	12,116		10,389	
Net cash from operating activities			12,116		10,389
Cash flow from investing activities					
Improvement of properties	12	(7,590)		(11,882)	
Construction of new properties net of disposals	12	(131)		(1,786)	
Acquisitions of Properties	12	(1,067)		(428)	
Purchase of other fixed assets	13	(282)		(82)	
Sale proceeds				14	
Government grants received	20	1,464		3,898	
Net cash flow from investing activities			(7,606)		(10,266)
Cash flow from financing activities					
Finance income	9	-		11	
Finance charges	10	(3,012)		(2,442)	
Bank loans drawn down		-		-	
Bank loans repaid	25	(179)		(169)	
Net cash flow from financing activities			(3,191)		(2,600)
(Decrease) / increase in cash and cash equivalents			1,321		(2,477)
Cash and cash equivalents at the start of the year			2,399		4,876
Cash and cash equivalents at the end of the year			3,720		2,399

The notes on pages 29 to 53 form part of these financial statements.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31st March 2025

COMPANY STATEMENT OF CASH FLOWS	<i>Notes</i>	2025 £000	£000	2024 £000	£000
Cash flows from operating activities					
Cash generated from operations	23	11,813		10,243	
Net cash from operating activities			11,813		10,243
Cash flow from investing activities					
Improvement of properties	12	(7,590)		(11,882)	
Construction of new properties net of disposals	12	(131)		(1,786)	
Acquisitions of Properties	12	(1,067)		(428)	
Purchase of other fixed assets	13	(261)		(64)	
Sales proceeds		-		14	
Government grants received	20	1,464		3,898	
Net cash flow from investing activities			(7,585)		(10,248)
Cash flow from financing activities					
Finance income	9	-		11	
Finance charges	10	(3,012)		(2,442)	
Bank loans drawn down		-		-	
Bank loans repaid	25	(179)		(169)	
Net cash flow from financing activities			(3,191)		(2,600)
(Decrease) / increase in cash and cash equivalents			1,038		(2,605)
Cash and cash equivalents at the start of the year			2,271		4,876
Cash and cash equivalents at the end of the year			3,309		2,271

The notes on pages 29 to 53 form part of these financial statements.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

1. ACCOUNTING POLICIES

Going Concern

During the year ACHA (group) made an operating surplus of £7.265 million which when adjusted for disposals, interest receivable and payable resulted in a surplus of £3.408 million. At the financial year-end ACHA (group) had net assets of £55.643 million. The going concern basis of accounting is considered appropriate because ACHA has an agreed banking facility with Lloyds Banking Group of £59.6 million under the business plan to meet future requirements. Loan covenant compliance has also been confirmed. Lloyds Banking Group have also approved the latest 2024/25 30-year business plan, where Lloyds are required to annually agree the net operating cash flows.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and under the historical cost accounting rules. They comply with the Determination of Accounting Requirements 2024 and with the SORP 2018 - Statement of Recommended Practice for social housing providers.

Basis of consolidation

In accordance with FRS 102, the group financial statements consolidate the financial statements of the parent company and its one subsidiary, Argyll Homes For All Limited, for the year ended 31st March 2025. The subsidiary is accounted for using acquisition accounting.

Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable relating to housing and fees from the provision of management services. Tenant service charges are levied on a basis intended to cover appropriate service costs each year. Income is recognised only when it is earned.

Cash Flow Statement

The cash flow statement represents the cash transactions of the Association for the period from 1st April 2024 to 31st March 2025. Cash and cash equivalents comprise cash on hand and in deposit and are subject to an insignificant risk of change in value.

Housing properties

The Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock. Housing properties are stated at cost, with all properties acquired under the stock transfer agreement acquired at nil value. 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 association's asset management strategy and the requirement of SHQS and EESSH. 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, and these are reflected in the assumptions in the current approved Business Plan. Components with a de minimis value of £1,000 or less are classed as revenue expenditure and are written off in the year in which they are incurred.

Depreciation and Impairment

Depreciation is charged so as to write down the cost of the housing properties and major components on a straight line basis over their expected useful economic lives. 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 (land is not subject to depreciation):

Component Type	Economic Useful Life (Years)
Land	Nil
Structure, Wall Finishes (including external insulation) and Roofs	50
Plumbing	40
Windows and Doors, Heating Systems (excluding boilers) and Electrics (including Warden Call Systems)	30
Kitchens, Bathrooms, and Solar PV	25
Boilers	15

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

During 2023/24 the Association reviewed the life of heating components (to differentiate between shorter life elements such as boilers / heat pumps and other elements such as pipework and radiators – the former changing to 15 years with the latter remaining at 30 years). Current boiler components have been depreciated over their revised remaining useful lives. This resulted in an increase to the depreciation charge of £2.28 million and also an additional amortisation to deferred grants of £1.23 million in the prior year (2023/24).

Depreciation will be charged for a full year in the year of acquisition and none in the year of disposal. The SORP and FRS 102 outline a number of indicators for impairment which the Association must consider on an annual basis. Where an indicator for impairment is identified then the Association must carry out a full impairment review. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down charged to the Statement of Comprehensive Income.

New Build and Acquisitions

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 Association's policy is to capitalise the cost of acquiring land and buildings and all development expenditure including direct development staff 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. Expenditure on property acquisitions is capitalised based on the settlement date.

Non-Housing properties

ACHA owns a number of non-housing properties. ACHA applies the same capitalisation and component life approach as stated under housing properties unless otherwise stated. Garages are stated at cost, with all garages acquired under the stock transfer agreement acquired at nil cost. The economic useful life of garages or similar assets built post transfer will be 15 years. Gypsy traveller sites are also stated at cost, similarly all sites acquired under stock transfer were at nil value. The economic useful life of structures built post transfer will be 20 years.

Related Assets

Related assets, such as private water supplies, play parks, sewage systems and septic tanks, are stated at cost: all related assets acquired under the stock transfer agreement were acquired at nil value. The estimated useful economic life of related assets built after transfer will be 15 years.

Housing Association Grant

Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties. Grants received in respect of capital expenditure are credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. HAG due or received in advance is included as a current asset or liability. HAG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates, in line with the performance model. Properties are disposed of under the appropriate legislation and guidance. All HAG relating to the share of property sold are removed from the financial statements at the date of sale. Any HAG received that cannot be repaid from the proceeds of sale is abated and the grant 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.

Business Plan Support Grant

Business Plan Support Grant (BPSG) relates to the £68 million grant provided by Scottish Government at stock transfer in respect of improvements required to the transferring properties to achieve the Scottish Housing Quality Standard. BPSG received in respect of capital expenditure was credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Unamortised BPSG is held within creditors due after one year. Properties are disposed of under the appropriate legislation and guidance. All business plan support grants relating to the share of property sold are removed from the financial statements at the date of sale and written off. Any residual business plan support grant held at the point of component replacement is written off in the year of replacement.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Other Grants

These include grants from Scottish Government and/or local authorities and/or other organisations. Grants received in respect of capital expenditure are credited to the comprehensive statement of income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Grants due or received in advance are included as a current asset or liability. Grants received in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which it relates, in line with the performance model.

Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of other fixed assets on a straight line basis over their expected useful lives as follows:

Asset Type	Economic Useful Life (Years)
Information Technology (IT) hardware and software	3
Furniture and Equipment	10

A full year's depreciation is charged in the year of acquisition with none charged in the year of disposal.

Offices are stated at cost. Depreciation on offices is calculated on a component basis using the same components and economic useful lives as the housing properties. Bute store is depreciated over a 50-year economic useful life, consistent with the economic useful life for structure under housing assets.

Employee Benefits

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. The financial cost of annual leave and time off in lieu earned but not taken by employees at the year-end date is accrued as a liability.

Pensions

ACHA participates in one multi-employer pension scheme and accounts for this in accordance with the requirements of FRS 102. Strathclyde Pension Fund (SPF) is a defined benefit scheme as defined by the Local Government Pension Scheme (Scotland) regulations 1998. Contributions are charged to Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives within ACHA. The SPF made an actuarial gain for the year ended 31st March 2025 of £16.89 million (Group). In terms of presentation in the accounts, no surplus is recognised within the financial statements.

Taxation

The charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102. As ACHA is a registered charity it has obtained consent to relief from Corporation Tax from HMRC on its charitable activities.

VAT

ACHA was registered for VAT on 24th March 2010. A large proportion of ACHA's income, namely rents, is exempt for VAT purposes and therefore gives rise to the partial exemption calculation. All expenditure is shown inclusive of VAT. ACHA created a VAT Group with its subsidiary for trading during 2013/14.

Loans and Grants

Loans are advanced by private or public lenders under the terms of individual mortgage deeds in respect of each development or under a global facility secured on existing developments. Grants from the Scottish Government's Housing Directorate (in the form of Housing Association Grant funding) or local authorities are payable to subsidise the capital cost of housing developments. Advances are generally available only in respect of those developments which have been given approval by the Scottish Government's Housing Directorate. Under certain circumstances HAG is repayable. Business Plan Support Grant and Related Assets or EAF grant is not normally repayable under the terms of the stock

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

transfer agreement. Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Financial Instruments

ACHA has given consideration under FRS 102 in relation to accounting for Financial Instruments. Having reviewed all relevant financial assets and liabilities ACHA have agreed with our external auditors that all financial instruments and transactions are defined as 'basic'. Loans provided to ACHA are classed as basic under FRS 102 and are measured at amortised cost.

Payables and receivables due within one year are measured at transaction price less settlements. Where receivables are deemed to be longer term and constitute a financing transaction they are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

Operating Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Inventories

Inventories and work in progress is stated at the lower of cost and net realisable value.

Bad and Doubtful Debts

Provision is made against rent arrears for current tenants and former tenants as well as other sundry debts to the extent that they are classed as potentially irrecoverable. The current policy for rent arrears is to provide for all former tenant debt and also for current tenant debt where this is in excess of £1,000. For sundry debt, all debt over 3 months old is fully provided for as well as any debt between 0-3 months which is greater than £1,000. Debt is passed for approval to write off where a debtor is deceased with no estate, has been sequestrated or where the debt is prescribed. All former tenant debt for rent arrears older than 12 months is passed for formal write off on an annual basis.

Estimation and Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Group's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears - Bad Debt Provision

The Group assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, payment arrangements in place, and court action.

Life Cycle of Components

The Group estimates the useful lives of major components of its housing property with reference to surveys carried out by qualified surveyors and specialist advice.

Useful life of properties, plant and equipment

The Group assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

Key Judgements made in the application of Accounting Policies

The Categorisation of Housing Properties

In the judgement of the Board the entirety of the Group's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

Identification of cash generating units

The Group considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Financial Instruments

Following guidance from the Financial Reporting Council, the Group and its Board of Management are of the view that the clauses held within the loan agreements do not require these financial instruments, other than the 'non-cancellable call option', to be classified as 'non-basic' financial instruments.

Pensions

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. For further information on the pension estimates please see Note 27 of the accounts.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

2. Particulars of turnover, operating costs and operating deficit

GROUP

	Turnover	Operating Costs	Other income and gains	Operating Surplus / (Deficit) to 31st March 2025	Operating Surplus / (Deficit) to 31st March 2024
	£000	£000	£000	£000	£000
Social Lettings <i>(Note 3)</i>	31,539	(24,740)	-	6,799	5,072
Other Activities <i>(Note 4)</i>	2,183	(1,717)	-	466	507
	<u>33,722</u>	<u>(26,457)</u>	<u>-</u>	<u>7,265</u>	
Total for year to 31 st March 2024	<u>34,048</u>	<u>(28,469)</u>	<u>-</u>	<u>5,579</u>	

COMPANY

	Turnover	Operating Costs	Other income and gains	Operating Surplus / (Deficit) to 31st March 2025	Operating Surplus / (Deficit) to 31st March 2024
	£000	£000	£000	£000	£000
Social Lettings <i>(Note 3)</i>	31,539	(24,750)	-	6,789	5,172
Other Activities <i>(Note 4)</i>	2,319	(1,853)	-	466	507
	<u>33,858</u>	<u>(26,603)</u>	<u>-</u>	<u>7,255</u>	
Total for year to 31 st March 2024	<u>34,185</u>	<u>(28,506)</u>	<u>-</u>	<u>5,679</u>	

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities – Group

	General Needs Housing	Supported Housing	Total	Total For Previous Period of Account
	£000	£000	£000	£000
Rents receivable net of service charges	27,619	841	28,460	26,779
Rent from garages	13		13	22
Rent from travelling people sites	43		43	47
Service charges	75	346	421	424
Gross income from rents and service charges	27,750	1,187	28,937	27,272
Less voids	(681)	(6)	(687)	(837)
Net income from rents and service charges	27,069	1,181	28,250	26,435
Grants from the Scottish Ministers	-	-	-	-
Other revenue grants	39	-	39	66
Deferred grant amortisation	3,250	-	3,250	4,505
Total turnover from social letting activities	30,358	1,181	31,539	31,006
Management and maintenance administration costs	7,541	282	7,823	7,303
Planned and cyclical maintenance including major repairs costs	3,542	-	3,542	3,512
Reactive maintenance costs	5,620	-	5,620	5,314
Bad debts – rents and service charges	53	-	53	209
Depreciation of social housing	7,702	-	7,702	9,583
Impairment of social housing	-	-	-	15
Operating costs for social letting activities	24,458	282	24,740	25,934
Other income and gains	-	-	-	-
Operating surplus for social lettings	5,900	899	6,799	5,072
Operating surplus for social lettings for previous period of account	4,197	875	5,072	

As a result of component accounting being applied all major repairs expenditure relating to identified components has been capitalised during the period.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Particulars of turnover, operating costs and operating surplus or deficit from social letting activities – Company

	General Needs Housing	Supported Housing	Total	Total For Previous Period of Account
	£000	£000	£000	£000
Rents receivable net of service charges	27,619	841	28,460	26,780
Rent from garages	13		13	22
Rent from travelling people sites	43		43	47
Service charges	75	346	421	424
Gross income from rents and service charges	27,750	1,187	28,937	27,273
Less voids	(681)	(6)	(687)	(838)
Net income from rents and service charges	27,069	1,181	28,250	26,435
Grants from the Scottish Ministers	-	-	-	-
Other revenue grants	39	-	39	66
Deferred grant amortisation	3,250	-	3,250	4,505
Total turnover from social letting activities	30,358	1,181	31,539	31,006
Management and maintenance administration costs	7,541	282	7,823	7,303
Planned and cyclical maintenance including major repairs costs	3,542	-	3,542	3,512
Reactive maintenance costs	5,630	-	5,630	5,212
Bad debts – rents and service charges	53	-	53	209
Depreciation of social housing	7,702	-	7,702	9,583
Impairment on social housing	-	-	-	15
Operating costs for social letting activities	24,468	282	24,750	25,834
Other income and gains	-	-	-	-
Operating surplus for social lettings	5,890	899	6,789	5,172
Operating surplus for social lettings for previous period of account	4,297	875	5,172	

As a result of component accounting being applied all major repairs expenditure relating to identified components has been capitalised during the period.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - Group

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Other Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit) for previous period of account
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	(71)	(71)	(237)
Related Assets	-	-	-	-	-	-	-	(10)
Aids and Adaptations	283	-	-	283	-	(297)	(14)	43
Tenant and Owner Recharges	-	402	322	724	(114)	(787)	(177)	(176)
Insurance	-	-	261	261	-	(407)	(146)	(31)
Other activities	-	-	915	915	-	(41)	874	918
Total from other activities	283	402	1,498	2,183	(114)	(1,603)	466	507
Total from other activities for previous period of account	450	1,141	1,316	2,907	(219)	(2,181)	507	

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - Company

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Bad Debts	Other Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit) for previous period of account
	£000	£000	£000	£000	£000	£000	£000	£000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	(71)	(71)	(237)
Related Assets	-	-	-	-	-	-	-	(10)
Aids and Adaptations	283	-	-	283	-	(297)	(14)	43
Tenant and Owner Recharges	-	402	322	724	(114)	(787)	(177)	(176)
AHFA support service income	-	-	136	136	-	(136)	-	-
Insurance	-	-	261	261	-	(407)	(146)	(31)
Other activities	-	-	915	915	-	(41)	874	918
Total from other activities	283	402	1,634	2,319	(114)	(1,739)	466	507
Total from other activities for previous period of account	450	1,141	1,588	3,179	(219)	(2,453)	507	

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

5. Housing stock

	Units under development		Units under management	
	2025	2024	2025	2024
Housing accommodation for letting:				
General Needs	0	0	5,019	5,008
Sheltered Housing	-	-	176	176
	<u>0</u>	<u>0</u>	<u>5,195</u>	<u>5,184</u>

6. Remuneration of members of Board of Management and Key Management Personnel

No members of the Board of Management received any remuneration from ACHA or AHFA.

Key management personnel are defined to include the Chief Executive, Strategic Directors and any other officer whose total annual emoluments, excluding pension contributions, exceed £60k during the reporting year.

	2025 £000	2024 £000
Total emoluments payable to directors / key management personnel and benefits in kind	862	774
Pension contributions	<u>57</u>	<u>112</u>
	<u>919</u>	<u>886</u>
Emoluments payable to the highest paid director (excluding pension contributions)	106	96
Pension contributions	<u>7</u>	<u>15</u>
	<u>113</u>	<u>111</u>

The Chief Executive is a member of the Strathclyde Pension Fund defined benefit pension scheme as disclosed in note 27. No enhanced or special terms apply to memberships. ACHA's contributions to the Chief Executive's pension in the year amounted to £7k (2024: £15k).

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

	2025	2024
More than £60,000 but not more than £70,000	7	7
More than £70,000 but not more than £80,000	1	2
More than £80,000 but not more than £90,000	2	-
More than £90,000 but not more than £100,000	-	1
More than £100,000 but not more than £110,000	1	-

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

7. Staff numbers and costs

The weighted full time equivalent number of persons employed and seconded to ACHA (excluding board members) in the year, analysed by category, was as follows:

	Number of employees	
	2025	2024
Housing & Neighbourhood Services	77	74
Finance & IT	17	17
Human Resources & Corporate Services	13	14
Property Services	33	35
Argyll Homes For All	119	115
	259	255

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Wages and salaries	8,227	7,910	4,205	4,044
Social security costs	809	803	413	410
Employer pension costs	439	773	287	621
Current service cost adjustment (defined benefit pension scheme)	27	227	-	215
	9,502	9,713	4,905	5,290

Current service costs for the Group, relating to the Strathclyde Pension Fund defined benefit scheme, amount to £0.027m (2024 £0.227m). These costs are included within Note 3 – Management and Maintenance Administration costs.

During the year the value of Property Services staff costs that were capitalised amounted to £0.824m (2024 - £0.891m).

8. Operating surplus on ordinary activities - Group

	2025 £000	2024 £000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (including expenses and excluding VAT for the year)	25	25
Other services from bodies related to external audit	1	1
Operating lease rentals:		
Buildings	171	163
Other	519	440
Depreciation	7,930	9,604

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Operating surplus on ordinary activities - Company

	2025 £000	2024 £000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit (including expenses and excluding VAT for the year)	22	21
Other services from bodies related to external audit	-	-
Operating lease rentals:		
Buildings	172	163
Other	-	-
Depreciation	<u>7,917</u>	<u>9,583</u>

9. Finance income - Group

	2025 £000	2024 £000
Bank interest receivable	-	11
Interest on pension fund (Note 27)	<u>15</u>	<u>506</u>
	<u>15</u>	<u>517</u>

Finance income - Company

	2025 £000	2024 £000
Bank interest receivable	-	11
Interest on pension fund (Note 27)	<u>-</u>	<u>494</u>
	<u>-</u>	<u>505</u>

10. Finance charges - Group

	2025 £000	2024 £000
On bank loans	3,011	2,443
Interest on pension fund (Note 27)	<u>11</u>	<u>-</u>
	<u>3,022</u>	<u>2,443</u>

Finance charges - Company

	2025 £000	2024 £000
On bank loans	3,011	2,442
Interest on pension fund (Note 27)	<u>11</u>	<u>-</u>
	<u>3,022</u>	<u>2,442</u>

11. Taxation

Due to ACHA's charitable status, no tax liability arose in the year to 31st March 2025 (2024: £ Nil).

AHFA is liable for UK Corporation Tax on its trading profits, which amounted to £ Nil in the year (2024: £ Nil).

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

12. Property, plant & equipment – Group and Company – Social Housing Properties

	Housing properties held for letting £000	Housing properties in course of construction £000	Total 2025 £000	Total 2024 £000
Cost				
At start of year	260,312	1,742	262,054	249,144
Additions during year new build	-	131	131	1,788
Additions during year acquisitions	1,067	-	1,067	428
Additions during year existing	7,590	-	7,590	11,882
Transfers	-	-	-	-
Disposals	(1,576)	-	(1,576)	(1,132)
Impairment	-	-	-	(56)
At end of year	<u>267,393</u>	<u>1,873</u>	<u>269,266</u>	<u>262,054</u>
Depreciation				
At start of year	(68,685)	-	(68,685)	(59,833)
Charge during year	(7,702)	-	(7,702)	(9,314)
Disposals	725	-	725	436
Impairment	-	-	-	26
At end of year	<u>(75,662)</u>	<u>-</u>	<u>(75,662)</u>	<u>(68,685)</u>
Net book value				
At 31 March 2025	<u>191,731</u>	<u>1,873</u>	<u>193,604</u>	<u>193,369</u>
At 31 March 2024	<u>191,627</u>	<u>1,742</u>	<u>193,369</u>	

All properties transferred to ACHA at 21st November 2006 were transferred at nil value as part of the Large Scale Voluntary Stock Transfer.

Additions to housing properties include capitalised development administration costs of £0.82 million, (2024 – £0.89 million), and capitalised major repair costs to existing properties of £7.84 million (2024 - £10.99 million). All land and properties are heritable.

Total expenditure on existing properties in the year amounted to £17.97 million (2024 – £20.60 million). The amount capitalised is £8.66 million (2024 - £11.88 million) with the balance being charged to the statement of comprehensive income.

During the year a number of components were replaced, resulting in a loss £0.85 million (2024 – loss of £0.77 million).

Security has been granted to lenders in respect of housing properties at stock transfer and specific loans granted for new build development. As at the end of the financial year there were also 379 properties which were unencumbered.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

13. Property, plant & equipment (other) - Group

	IT	Offices / Store	Furniture / Equipment	Total Other non housing
	£000	£000	£000	£000
Cost				
At start of year	2,994	1,906	77	4,977
Additions during year	199	-	82	281
Disposals	(25)	-	-	(25)
At end of year	<u>3,168</u>	<u>1,906</u>	<u>159</u>	<u>5,233</u>
Depreciation				
At start of year	(2,893)	(498)	(65)	(3,456)
Provided during year	(170)	(44)	(16)	(230)
Disposals	25	-	-	25
At end of year	<u>(3,038)</u>	<u>(542)</u>	<u>(81)</u>	<u>3,661</u>
Net book value				
At 31 March 2025	<u>130</u>	<u>1,364</u>	<u>78</u>	<u>1,572</u>
At 31 March 2024	<u>101</u>	<u>1,408</u>	<u>12</u>	<u>1,521</u>

Property, plant & equipment (other) - Company

	IT	Offices	Furniture / Equipment	Total Other non housing
	£000	£000	£000	£000
Cost				
At start of year	2,715	1,906	33	4,654
Additions during year	196	-	65	261
Disposals	(25)	-	-	(25)
At end of year	<u>2,886</u>	<u>1,906</u>	<u>98</u>	<u>4,890</u>
Depreciation				
At start of year	(2,620)	(498)	(33)	(3,151)
Provided during year	(164)	(44)	(7)	(215)
Disposals	25	-	-	25
At end of year	<u>(2,759)</u>	<u>(543)</u>	<u>(39)</u>	<u>(3,341)</u>
Net book value				
At 31 March 2025	<u>127</u>	<u>1,363</u>	<u>59</u>	<u>1,549</u>
At 31 March 2024	<u>95</u>	<u>1,407</u>	<u>-</u>	<u>1,502</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

14. Investments	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Investment in Subsidiary Companies	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACHA owns one share in Argyll Homes For All Limited (AHFA), which is a wholly owned subsidiary company. The principal activity of AHFA, registered company number SC415603, for the year ended 31st March 2025 was that of property maintenance. As at 31st March 2025 the capital and reserves of AHFA were £0.286 million (2024: £0.521 million) with a profit for the year of £0.074 million (2024: £0.014 million profit).

Subsidiary: Argyll Homes For All Limited

Nature of business: Property maintenance and repairs

Class of shares:	% holding	2025 £000	2024 £000
Ordinary	100.00		
Aggregate Capital and Reserves		286	521
Profit / (loss) for the year		74	14

15. Stocks and work in progress	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Stock	190	154	-	-
	<u>190</u>	<u>154</u>	<u>-</u>	<u>-</u>

16. Debtors	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Rental debtors	1,287	1,179	1,287	1,179
Less bad debt provision	(464)	(534)	(464)	(534)
	<u>823</u>	<u>645</u>	<u>823</u>	<u>645</u>
Prepayments and accrued income	764	2,106	1,919	2,021
Other debtors	1,068	1,645	1,108	1,659
Less bad debt provision	(1,034)	(1,484)	(1,034)	(1,484)
	<u>1,621</u>	<u>2,912</u>	<u>2,816</u>	<u>2,841</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

The above figure for rental debtors is made up as follows:

	Debtor £000	Provided £000	2025 Net Debtor £000
Due from current tenants	992	(169)	823
Due from former tenants	295	(295)	-
	<u>1,287</u>	<u>(464)</u>	<u>823</u>

Rental Bad debts of £0.124 million were written off during the period (2024 £0.134 million). The provision for Rental Bad debts decreased by £0.071 million during the year (2024 £0.075 million reduction).

Sundry debts of £0.564 million were written off during the period (2024 £0.031 million). The provision for sundry debtors decreased by £0.450 million during the year (2024 £0.187 million reduction).

AHFA had no debts written off during the year.

17. Cash at bank and in hand	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Bank	3,718	2,398	3,307	2,270
Cash	2	1	2	1
	<u>3,720</u>	<u>2,399</u>	<u>3,309</u>	<u>2,271</u>

18. Creditors: amounts falling due within one year	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Loans (secured)	10,110	178	10,110	178
Trade creditors	956	1,650	825	1,159
Other creditors	815	1,122	807	995
Accruals and deferred income	834	925	1,655	1,268
Deferred grant income	3,250	4,505	3,250	4,505
	<u>15,965</u>	<u>8,380</u>	<u>16,647</u>	<u>8,105</u>

19. Creditors: amounts falling due after one year	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Loan (secured)	51,000	61,109	51,000	61,109
Deferred Grant (Note 20)	78,099	78,631	78,099	78,631
	<u>129,099</u>	<u>139,740</u>	<u>129,099</u>	<u>139,740</u>

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

The loans with Lloyds Banking Group reduced by £0.073 million during 2024/25 due to capital repayments to the Oban office development loan, which was fully repaid in March 2025. This was the only Lloyds Banking Group loan that was repayable on an amortising basis.

A loan with Argyll and Bute Council through the Strategic Housing Fund for £3.0 million was agreed and drawn down during 2013/14 and 2014/15. This is a capital and interest repayment loan and is repayable by 2040. The repayment profile is shown below:

	Glenshellach	Bonawe	Helensburgh	Total
	£000	£000	£000	£000
Due within one year	84	4	21	109
Due between 1 and 2 years	88	5	22	115
Due between 2 and 5 years	288	15	38	341
Over 5 years	1,131	63	315	1,509
	<u>1,591</u>	<u>87</u>	<u>396</u>	<u>2,074</u>
Rate %	4.45%	4.43%	4.43%	

The remainder of loans drawn, amounting to £59.0 million with Lloyds Banking Group, are repayable by bullet repayment. A summary of fixed rate loans with Lloyds Banking Group as at 31st March 2025 is as follows:

Fixed Rate Hedging	Value (£000's)	End date	Rate %
Tranche A	7,000	30/06/2025	2.636
Tranche B	<u>10,000</u>	<u>30/03/2029</u>	<u>5.430</u>
Total	17,000		

Rates quoted are all inclusive of the rate, margin and capitalisation charges. The remainder of the Lloyds Banking Group loans (£42.0m) are currently on rolling variable rate, consistent with our approved Treasury Management Strategy in relation to our proposed refinancing.

Loans are secured by a specific charge against ACHA's properties. At the year-end there were 4,762 housing properties secured to Lloyds Banking Group in addition to 54 housing properties secured to Argyll and Bute Council. At the 31st March 2025, ACHA had a £10.0 million Revolving Credit Facility loan with Lloyds Banking Group that was repayable by 30th September 2025. As such, this is reported within Note 18 as a loan repayable within one year. ACHA are currently progressing a full refinancing during 2025/26 and during August 2025 this £10.0m Revolving Credit Facility loan was formally extended by 12 months to 30th September 2026.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

20. Deferred Grant Income – Group and Company

	2025 £000	2024 £000
Housing Association Grant (HAG)		
At 1 st April	31,436	31,229
Received during year	1,200	1,164
Released to income during year	(966)	(957)
At 31 st March	<u>31,670</u>	<u>31,436</u>
Other grants	2025 £000	2024 £000
At 1 st April	51,699	52,538
Received during year	264	2,735
Released to income during year	(2,284)	(3,549)
Released to income during year - disposals	-	(9)
Released to income during year - Impairment	-	(16)
At 31 st March	<u>49,679</u>	<u>51,699</u>
	2025 £000	2024 £000
Amount to be released within one year	3,250	4,505
Amount to be released in more than one year	<u>78,099</u>	<u>78,631</u>
	<u>81,349</u>	<u>83,136</u>

21. Share capital

	2025 £	2024 £
Shares of £1 each fully paid		
At 1 st April	182	187
Issued in year	3	4
Cancelled in year	(3)	(9)
At 31 st March	<u>182</u>	<u>182</u>

Shares issued were in respect of new members of ACHA, who each hold one share of £1. These shares carry no rights to dividend or distributions on winding up. When a shareholder ceases to be a member the person's share is cancelled and the amount thereon becomes the property of ACHA. Each member has a right to vote in accordance with ACHA's Rules at Members meetings.

ACHA holds one share in its subsidiary company Argyll Homes For All Limited (SC415603) which is a wholly owned subsidiary trading company.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

22. Commitments – Group and Company

(a) Capital commitments authorised and contracted for at 31st March 2025 amounted to:

	2025	2024
Within one year	£000	£000
Major Repairs	322	2,074
New Build	-	145
IT	-	-
	<u>322</u>	<u>2,219</u>
Within two to five years	£000	£000
Major Repairs	-	-
New Build	-	-
IT	-	-
	<u>-</u>	<u>-</u>

The investment programme is financed by a combination of operating cash flow and private finance. Values included above are gross expenditure and include elements that could be grant funded.

(b) At the 31st March 2025, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2025	2024
Land and Buildings	£000	£000
Due within 1 year	24	24
Due between 1 and 5 years	-	-
Over 5 years	-	-
	<u>24</u>	<u>24</u>
Other	£000	£000
Due within 1 year	526	570
Due between 1 and 5 years	1,171	2,052
Over 5 years	-	117
	<u>1,697</u>	<u>2,739</u>

23. Reconciliation of operating surplus to net cash inflow from operating activities - Group

	2025	2024
	£000	£000
Operating surplus/deficit	7,265	5,579
Adjustments:		
Depreciation on non-housing fixed assets	230	289
Depreciation on housing fixed assets	7,702	9,314
Impairment on housing fixed assets	-	14
Deferred Grant Amortisation	(3,250)	(4,505)

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Movement in working capital:

Non cash adjustment in pension fund	-	227
(Increase)/Decrease in stock	(35)	(12)
(Increase)/Decrease in debtors	1,291	(709)
Increase/(Decrease) in creditors	(1,087)	192
Cash inflow from operating activities	12,116	10,389

Reconciliation of operating surplus to net cash inflow from operating activities - Company

	2025	2024
	£000	£000
Operating surplus/deficit	7,255	5,679
Adjustments:		
Depreciation on non-housing fixed assets	215	269
Depreciation on housing fixed assets	7,702	9,314
Impairment on housing fixed assets	-	14
Deferred Grant Amortisation	(3,250)	(4,505)
Movement in working capital:		
Non cash adjustment in pension fund	-	215
(Increase)/Decrease in stock	-	-
(Increase)/Decrease in debtors	25	(638)
Increase/(Decrease) in creditors	(134)	(105)
Cash inflow from operating activities	11,813	10,243

24. Analysis of changes in net debt - Group

	At 31st March	Cash flows	At 31st March
	2024		2025
	£000	£000	£000
Cash in hand, at bank	2,399	1,322	3,721
Debt due within one year	(178)	(9,931)	(10,109)
Debt due in more than one year	(61,109)	10,109	(51,000)
Total	(58,888)	(1,500)	(57,388)

25. Reconciliation of net cash flow to movement in net debt - Group

	2025	2024
	£000	£000
(Decrease) in cash in the period	1,321	(2,460)
Cash (inflow) from debt financing	-	-
Cash outflow from debt financing	179	169
Change in debt resulting from cash flows	1,500	(2,291)
Net debt at beginning of period	(58,888)	(56,597)
Net debt at end of period	(57,388)	(58,888)

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

26. Group structure

ACHA is a registered social landlord, incorporated in Scotland. ACHA owns one share in Argyll Homes for All Limited (AHFA) which is a wholly owned subsidiary company. The principal activity of AHFA, registered company number SC415603, in the year ended 31st March 2025 was that of property maintenance.

27. Strathclyde Pension Scheme

The majority of ACHA group employees belong to the Strathclyde Pension Fund which is part of the Local Government Pension Scheme (LGPS). The total pensionable payroll at the balance sheet date was £4.664 million. This is a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The best estimate of total employer contributions for 2024/25 is £0.303 million.

As noted in note 1, Argyll and Bute Council have guaranteed to accept liability for any unfunded costs which may arise with regard to ACHA relating to its membership of the Local Government Pension Scheme (LGPS) administered by Glasgow City Council should it cease to exist, withdraw from the LGPS or otherwise become unable to continue covering any unfunded liabilities with regard to the Local Government Pension Scheme (Scotland) Regulations 1998, as amended, or the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998. If applicable, the assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:

Assumptions as at	31 st March 2025 % p.a.	31 st March 2024 % p.a.
Pension Increase Rate	2.75%	2.75%
Salary Increase Rate	3.45%	3.45%
Discount Rate	5.80%	4.85%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies of age 65 for the Employer are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	20.3	23.6
Future Pensioners	21.2	24.6

Under the requirements of FRS 102, ACHA is required to disclose further information on its share of assets and liabilities of the LGPS on a market value basis at the end of the financial year.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

ACHA's share of assets in the scheme and expected rate of return were:

	% Split of Assets 31st March 2025	Assets at 31st March 2025 £000	% Split of Assets 31st March 2024	Assets at 31st March 2024 £000
Equities	60%	26,050	58%	24,503
Bonds	23%	9,985	27%	11,406
Property	9%	3,907	10%	4,225
Cash	8%	3,473	5%	2,112
Total		43,415		42,246

Analysis of the amount charged in arriving at the operating surplus

	Period to 31st March 2025 £000	Period to 31st March 2024 £000
Service cost	957	984
Past service costs	-	-
Amounts charged to operating surplus	957	984

	Period to 31st March 2025 £000	Period to 31st March 2024 £000
Net interest	(4)	(506)
Amounts charged to finance charge	(4)	(506)

Analysis of the amount recognised in the statement of comprehensive income

	Period to 31st March 2025 £000	Period to 31st March 2024 £000
Actual return	(774)	1,880
Changes in financial assumptions	5,040	1,869
Other experience gains and losses	240	(2,406)
Changes in demographic assumptions	49	369
Unrecognised pension asset	(17,288)	(12,330)
Prior year unrecognised asset adjustment	12,330	10,742
Amounts charged to statement of comprehensive income	(403)	124

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2025 £000
Opening scheme liabilities	(29,513)
Current service cost	(957)
Past service cost	-
Interest cost	(1,443)
Re-measurements	5,342
Benefits paid	747
Contributions	(302)
Closing scheme liabilities	<u>(26,126)</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2025 £000
Opening fair value of plan assets	42,246
Interest income	2,045
Return on plan assets (in excess of interest income)	(774)
Contributions by employer	340
Plan participants contributions	302
Benefits paid	(744)
Other experience	-
Closing scheme assets	<u>43,415</u>

	2025 £000	2024 £000
Net asset / (liability) at end of year	17,289	12,733
Unrecognised Surplus	(17,289)	(12,330)
Pension asset / (liability)	-	403

28. Related party disclosures

During the year there were a number of payments made and received between ACHA and its wholly owned subsidiary Argyll Homes for All Limited (AHFA). At the balance sheet date, the inter-company debtor / creditor was a debit of £0.049 million (2023/24 £0.051 million) which related to a balance of support service charges and assigned staff costs due to ACHA. At the year-end, income accrued by AHFA but not yet paid by ACHA amounted to £0.795 million (2023/24 £0.784 million).

Five members of the Board of Management were also tenants during the year (2023/24: five). Two members of the Board of Management were Argyll and Bute Council Councillors during the year (2023/24: two). Members rent arrears were treated in a similar manner to that of other tenants in arrears with ACHA. The total value of rent received from tenants who were board members at the year-end was £0.031 million (2023/24 £0.027 million) with total non-technical rent arrears at the year-end of nil (2023/24: nil). The tenancy agreements and rents charged for those members of the Board of Management were on standard terms applicable to any other tenant of ACHA.

ARGYLL COMMUNITY HOUSING ASSOCIATION LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2025

Payments made to members of the Board of Management during 2024/25 amounted to £2k (2023/24: £3k). This relates to reimbursement of travel expenses and subsistence.

All transactions with local authorities were made at arm's length, on normal commercial terms and no Board members used their position to their advantage. ACHA has entered premise leases with Argyll and Bute Council and has contractual arrangements for the provision of environmental / cleaning services. ACHA also had a number of transactions during the year in relation to building warrants, paid Council Tax for void properties and made Strategic Housing Fund loan repayments. During the year ACHA paid £0.314 million (2023/24: £0.594 million) to the Council for these services, inclusive of the three Strategic Housing Fund loans (£0.105 million - 2023/24: £0.100 million).

During the period ACHA received from the Council £7.4 million in housing benefit payments (2023/24: £7.04 million), rental income for homeless and additional support needs tenancies of £0.08 million (2023/24: £0.08 million). ACHA received £0.264 million Strategic Housing Fund grant income during the period (2023/24: £0.05 million).

At the period end there was a £0.001m creditor value outstanding to the Council (2023/24: nil).

29. Financial Instruments

The carrying amounts of the Group's financial instruments are as follows:

	2025 £000	2024 £000
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 16)	824	645
- Accrued income (note 16)	1,603	1,425
- Other debtors (note 16)	90	161
- Cash and cash equivalents (note 17)	3,720	2,399
	6,237	4,630
<i>Financial liabilities</i>		
Measured at amortised cost:		
- Bank loans and overdraft (notes 18-19)	61,109	61,287
- Trade creditors (note 18)	955	1,650
- Accrued expenses (note 18)	834	885
- Other creditors (note 18)	815	1,122
	63,713	64,944

The income, expenses, net gains and net losses attributable the Group's financial instruments are summarised as follows:

	2025 £000	2024 £000
<i>Income and expense</i>		
Financial assets measured at amortised cost	-	11
Financial liabilities measured at amortised cost	(3,012)	(2,442)

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was nil (2023/24: £0.011 million) and £3.01 million (2023/24 - £2.44 million) respectively.