



Alexander Sloan
Accountants and Business Advisers

AYRSHIRE HOUSING

Report and Financial Statements

For the year ended 31 March 2025

Registered Social Landlord No. 304

Company Registration No. SC185652

Scottish Charity No. SC027906

AYRSHIRE HOUSING

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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AYRSHIRE HOUSING

BOARD OF TRUSTEES, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

Board of Trustees

G Dawson	Chairperson
A Bryan	
G Collins	
A Craig	
S Leslie	
R Leith	Resigned 4 September 2024
Professor R Pyper	Resigned 4 September 2024
M Tindal-Wiles	
M Tomlinson	Resigned 25 February 2025
G Bain	Resigned 23 November 2024
R Middleton	
A Wason	Resigned 26 April 2024
J McCulloch	Appointed 4 September 2024
L Marquis	Appointed 4 September 2024
S Holland	Appointed 4 September 2024
C Sears	Appointed 10 February 2025

Executive Management

L Junner	Chief Executive
C Donald	Director of Corporate Services
C MacCallum	Interim Head of Finance, resigned 28 May 2025
J McCann	Director of Housing and Communities
C Straine	Head of Property & Development, resigned 18 November 2024
E Robertson	Director of Finance, appointed 3 February 2025
S Cunningham	Director of Assets and Compliance, appointed 19 May 2025

Registered Office

119 Main Street
Ayr
KA8 8BX

External Auditors

Alexander Sloan LLP
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

Bankers

The Royal Bank of Scotland plc
Corporate Banking
139 St Vincent Street
Glasgow
G2 5FJ

Solicitors

Addleshaw Goddard
19 Canning Street
Edinburgh
EH3 8EU

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

The Board of Trustees presents its report and the financial statements for the year ended 31 March 2025.

Legal Status

Ayrshire Housing is a company limited by guarantee and is governed by its Memorandum and Articles of Association. Accordingly, the Company has no share capital. The company is registered with the Scottish Housing Regulator as a registered social landlord (No. 304) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SCO27906.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

Background

The Trustees of Ayrshire Housing are pleased to present their review together with the audited financial statements for Ayrshire Housing for the year ended 31 March 2025.

Activities

The Ayrshire Housing Group consists of Ayrshire Housing (parent), a registered social landlord with charitable status, and Ayrshire Homestake Limited, our one subsidiary company retained as a vehicle to pursue potentially non-charitable activities. The subsidiary company has been dormant since 2008.

The Group Head Office is in Ayr and Ayrshire Housing has properties throughout Ayrshire. Ayrshire Housing is now one of Ayrshire's leading housing associations with a stock of over 1,700 houses thanks to an active acquisition and development programme predominantly but not exclusively in South Ayrshire.

Introduction

With over 1,700 houses we are one of Ayrshire's leading housing associations. We remain proud to be a community and tenant-controlled association.

We continue to build on our track record of award-winning developments to meet local housing needs. During the financial year we handed over the keys to 25 new homes to tenants in the village of Tarbolton. The homes within this development are the most energy efficient we have built to date and include a mix of homes that meets the varying needs of our tenants including wheelchair accessible homes.

Operating in Ayrshire, we are committed to maximising the economic and social impact of all that we do. Building on our 30-year heritage of community control, we aim to be a real community anchor to both our communities and to Ayrshire's three Councils.

We are financially strong with an experienced and enthusiastic team. We pride ourselves on our ability to deliver high quality services as we respond to the financial challenges that we, our applicants and tenants face. Inflationary pressures, high fuel costs and the challenging economic environment continue to impact our tenants. During the year we have assisted our tenants via support from our Energy Advisor and referrals to our Financial Wellbeing Team.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

The year ended 31 March 2025 represented year three of our three-year business plan and a summary of the performance against these objectives will be reviewed later in this report.

Our Values

During this financial year our colleagues created our new Home Values which will be embedded in our policies, practises and behaviours as we enter our 2025-2030 business plan period:

empathy - We understand and respond to the needs of our tenants, customers and colleagues, fostering a supportive and compassionate environment.

innovate - We embrace creativity and change, continuously seeking better solutions to ways of working, allowing us to drive long-term success.

commit - We take ownership and accountability, following through on what we say we'll do to provide a high-quality service.

belong - We value everyone in our community, promoting an inclusive environment, encouraging collaboration and diversity.

Our Vision for Ayrshire Housing

Delivering an excellent outcome for our customers is at the heart of what we do at Ayrshire Housing. To do this we aim to have:

An empowered and professional staff team delivering excellent customer service.

Up to date homes which are warm, safe and well maintained.

Dynamic and efficient customer service, tailored to the needs of customers.

Inclusive and vibrant communities with Ayrshire Housing as a community anchor.

Tenants and Community

As a tenant and community run housing association, our tenants and the communities they are part of are central to what we do. We have an excellent relationship with our tenants. This is shown by high recorded satisfaction and the friendly tone of our day-to-day communication.

The independent tenants' survey carried out in late 2023 showed:





- 83% are happy with our services (2019 – 89%).
- 83% satisfied with our management of their neighbourhood (2019 – 89%).
- 74% thought their rent was value for money (2019 – 86%).
- 88% are satisfied with our communication and engagement (2019 – 92%).

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

There had been a reduction in satisfaction levels since the previous survey in 2019 because of problems with service delivery during the periods of Covid restrictions which had unfortunately persisted and was compounded by contractor performance and supply issues. Achieving tangible improvements in these has been a priority during the year, as is maintaining reasonable value for money as real incomes fall. A new independent tenant satisfaction survey will be issued in the coming year and will help inform decision making as we progress through our 2025-2030 five-year business plan. As evidence of our efforts during the year the table below summarises some of the key performance indicators that were reported in the Scottish Housing Regulator's Annual Return on the Charter (with comparison to the indicators reported in 2024):

INDICATOR	MARCH 2024	MARCH 2025	IMPROVED PERFORMANCE
% of tenants who have had repairs or maintenance carried out in the last 12 months satisfied with the repairs and maintenance service	84.62%	89.43%	
Average length of time taken to complete emergency repairs	3.01	2.93	
Rent collected as % of total rent due in the reporting year	101.22%	100.27%	
Gross rent arrears (all tenants) as at 31 March each year as a % of rent due for the reporting year	1.18%	1.06%	

Ayrshire's wider communities

Ayrshire Housing remains rooted in Ayrshire's communities, and our governance is based on a partnership between our tenants – all of whom are association members – and those who support us from the wider community.

Our developments over the years have made a real contribution to Ayrshire's built environment. This is reflected in numerous awards. We want to maximise the wider social worth of what we do through building relationships, so that our neighbourhoods are firmly rooted in the wider communities in which they lie. As a charity making a real impact on people's lives, we can spend over £9 million a year in the local and wider economy. We want to leverage this investment so that it has the maximum impact. We do this by building links and partnerships with those who share our commitment to voluntary activity and the public good.

Our community space – The Local – continues to be a great success providing an affordable and convenient meeting space for many local organisations.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Business Plan 2022-25

We have now completed the third year of our three-year business plan. We have utilised annual delivery plans to ensure that the objectives set are realised. The delivery plan is designed to cascade down to everyone in our team – whether they are a volunteer Board member or members of staff.

The objectives for the three-year plan are grouped around four clear themes. Some of our achievements from those actions identified in the 2024-25 delivery plan are detailed below:

PROVIDING AN EXCELLENT SERVICE

- Understanding Tenant Participation expectations via Tenant pulse surveys in specific areas.
- Improvements to My Home usage, online applications and repairs reporting.
- Creation of a Communication & Engagement Strategy (launch date June 2025) to ensure consistent communication with customers in the way that they want to receive information.

QUALITY HOMES

- Year 1 of 3-year stock condition survey completed and fully funded Asset Management Plan in place.
- All Health & Safety related delivery tasks completed as we strive to ensure that all homes are maintained to the highest standards.
- New development at Tarbolton completed on time and within budget.

THRIVING COMMUNITIES

- National Lottery funding secured to bring in a Community Wellbeing Coach for a period of 3 years in conjunction with Atrium Homes.
- A series of small neighbourhood events were held where our community grants programme was promoted to harder to reach groups.
- Considerable work done to improve the experience of new tenants through engagement and updates to procedures.

A FORWARD LOOKING AND SUSTAINABLE ASSOCIATION

- A focus on board training and appraisals to ensure we have in place a well informed and confident board.
- Several initiatives undertaken with staff including a full staff survey, implementation of quarterly full staff meetings and the creation of a staff wellbeing action plan as we work towards ensuring we have a strong and empowered workforce.
- Excellent governance is key to what we do and in this regard, we appointed WBG as internal auditors at the start of the financial year and undertook an independent governance review.

Performance Reporting

All our tenants are members of Ayrshire Housing. Each year, we report on what we have achieved and on our ongoing plans via our Annual Performance Report. We report annually to the Scottish Housing Regulator in the form of the Annual Return on the Charter and the Annual Assurance Statement which demonstrates how we are meeting regulatory requirements. In turn the Scottish Housing Regulator publishes their engagement plan with us which describes how they will work with us over the coming year.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

All this information can be found on our website alongside other documents which may be useful to tenants and partners.

How We Manage Risk

Both the business planning process and the performance management system are designed to control the association's exposure to risk. Our financial plan is designed to provide the financial assurance that we have the financial resources to implement any mitigating actions and cope with general financial shocks.

We have identified four strategic areas of risk:

The inability to sustain planned levels of rental income

The falling incomes, in real terms, of many of our tenants could threaten our current high levels of rental collection and could also lead to higher levels of stock turnover. There is also the risk of regulatory action to control rent levels or at least rent increases in the sector. With a recent change in Government in the UK and the upcoming Scottish Elections we are monitoring and evaluating risks in relation to new and changing government policies on an ongoing basis.

Our controls include:

- budgets based on low levels of rental growth;
- rigorous arrears and void controls built into the performance management system;
- investment in money advice services;
- working with credit unions, and housing support and advice partners.
- expanding our services with the external grant support

A failure to maintain our stock to the required standards

A poorly developed investment plan or non-compliance in areas of tenant health and safety could result in a failure to meet statutory requirements, maintain safe properties or growing tenant aspirations.

Our controls include:

- the regular review of the comprehensive life cycle cost plan for our stock;
- ensuring that there is a sufficient risk envelope built into the overall risk management strategy to cope with greater investment requirements due to construction cost inflation or new standards.
- An up-to-date Health & Safety manual which is regularly audited, staff training and regular reporting on Health and Safety matters.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Failure to maintain and enhance current high levels of service delivery and satisfaction

Providing excellent service is at the heart of what we do. Falling standards may result in tenant dissatisfaction and possible regulatory intervention.

Our controls include:

- key performance indicators backed by tenant feedback;
- a focus on regulatory compliance;
- regular independent tenant surveys coupled with continuous tenant feedback;
- membership of benchmarking groups;
- investment in staff training and new skills;
- extending online services.

Poor Budgetary and Cost Control

A lack of effective controls could result in wasted resources and, if not checked over the long-term, financial viability being compromised.

Our controls include:

- robust annual budgets linked to the long-term financial plan;
- demanding KPIs for rent collection and void management;
- Management Accounts to the Board each quarter;
- a focus on covenant and regulatory compliance;
- a comprehensive Procurement Strategy;
- Stress tested and sensitised 30 year financial plan completed to provide assurance over financial health;
- effective project management.

As well as the strategic areas of risk we maintain a register of operational risks, which have an impact on our day-to-day activities, and are monitored and controlled by our colleagues throughout the business to ensure that we have the relevant controls and mitigations in place.

Performance in the year ended 31 March 2025

Turnover

Turnover was £13.5m (2024: £12.8m) which includes £3.9m (2024: £3.8m) of grants transferred from deferred income on the completion of a project. Included within the turnover is income from rents and services charges of £9.6m (2024: £8.8m) which is an increase of 9%; representing the outcome of a rent harmonisation exercise undertaken during the year and additional rental income from our new development at Tarbolton.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Operating Costs

Operating costs of £7.4m (2024: £6.1m) are 21% higher than the previous year due principally to increased repairs and maintenance expenditure; some of which was down to the unprecedented storm at the end of January 2025; and increased employee costs, both new posts and the general salary increase. In addition, we purposefully increased expenditure on Community Engagement by bringing in an Energy Advisor to assist our tenants and provided a community grants programme. We have continued to invest in the use consultants in our pursuit of safe and well-maintained homes; and the costs of insuring our homes has increased from the previous year.

Interest Payable

As a result of no new loan drawdowns in the year and continuing to meet capital repayments as they fall due our interest payable has reduced by 4% to £1.27m (2024: £1.32m).

Operating Surplus for the Year

Operating Surplus on ordinary activities for the year was £6.1m (2024: £6.7m). The increase in rent receivable has been offset by higher repairs costs, spending in our communities and investment in our staff and property data.

Reserves

Financial reserves, consisting of revenue reserves set aside to manage the general risks faced by the association, stood at £29.5m (2024: £28.3m). This represents an increase of 4% from the previous year.

The revaluation reserve represents the cumulative impact of property valuations versus historic cost. At 31 March 2025 the revaluation reserve was £47.4m (2024: £47.5m).

Cash flow

Cash balances as at 31 March 2025 were £7.1m which is £1.1m down on the previous year (£8.2m). We generated £4.0m (2024: £3.8m) from our operating activities.

We made capital loan repayments of £1.1m (2024: £1.0m) and paid interest on loans of £971k (2024: £1.0m). No new loan capital was drawn down in the year.

We spent £5.6m (2023: £4.2m) on our development projects, improvement works and acquisitions. This expenditure was partially offset by the receipt of £2.3m of government grants in relation to our development projects (2024: £1.9m).

Overall, our cash position remains very strong, and we will continue to monitor our treasury position throughout the coming year. Further discussion of our approach to Treasury Management can be found below.

AYRSHIRE HOUSING

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Capital Structure and Treasury Policy

Borrowings at the year-end were £29.9m, down from £30.7m. This debt is borrowed wholly from banks and building societies in the UK together with finance through the Scottish Government's Bond finance scheme.

The Board recognises that the association's level of debt makes it important to consider its treasury policy. The treasury function operates within a framework of clearly defined Board approved policies, procedures and delegated authorities. The association borrows on a conventional basis with loans typically repayable over 25 to 30 years. These loans are mainly secured over the properties being financed.

The association's financial position is sound. We comply with all our lenders' covenants and, based on our financial projections, will continue to do so into the future. Alongside our treasury policy we maintain a treasury strategy which is reviewed and updated annually. Our approach to treasury management allows us to continue to manage our finances in a prudent manner and will also deliver value for money to our tenants and private owners.

We have a well-motivated and skilled workforce of 36 employees with a relatively low staff turnover. We are full members of Employers in Voluntary Housing which provides us with support in managing and developing our staff to foster a culture of continuous improvement.

The association continues to invest in housing through its development and refurbishment programme. However, new build opportunities are limited due to land availability and current levels of Scottish government grant support. We will look towards innovative approaches in generating finance to allow much needed new houses to be delivered where possible.

Our major repair programme remains a key element of our strategy to provide good quality homes for all our tenants. Our financial projections demonstrate that we will be able to meet our obligations under the Scottish Housing Quality Standards and the current EESSH requirements. See Properties section below for further details.

Outlook for the next 5 years

We have launched our Business Plan for 2025-2030 with the following Strategic Priorities driving our objectives:

PEOPLE

- People are at the heart of everything we do whether this is our colleagues delivering the service or our customers receiving it.
- We are looking to achieve Investors In People accreditation. We believe that a well-trained, empowered and motivated staff team will deliver an excellent service to our customers.
- We are working to gain accreditation in customer service, with customer excellence at the heart of our Strategic Objectives.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

PROPERTIES

- We are doubling our investment in our homes over the first 2 years of the plan.
- Over the 5 years we plan to build 141 new homes commencing with 32 new homes in Green Street, Ayr: with works commencing in September 2025.

PLACES

- We have a vision to offer more community-based services and provide our rural customers with more opportunities to have their say and meet the team in their own neighbourhood.
- Following the appointment of our new Community Engagement Manager we now have a dedicated Community Engagement team who will be working to provide connected services, engage with our customers on specific issues and work with local partner organisations.

PROCESSES

- By investing in systems, we hope to offer a more responsive service to our customers.
- We are focussing on getting the most up to date information on our properties through continuing our programme of stock condition surveys and data cleansing.
- One of our key priorities is to innovate and we look to embrace emerging AI technologies to improve the efficiency of manual processes and ultimately free up more time for customer service and interaction.

Our 5-year Business Plan will be supported by an Annual Delivery Plan to ensure that our Strategic Objectives are achievable and performance against them is measurable,

Board of Trustees and Executive Officers

The members of the Board of Trustees and the Executive Officers are listed on page 1.

The Executive Officers hold no interest in the association's assets and, although not having the legal status of directors, they act as executives within the authority delegated by the Board of Trustees.

The members of the Board of Trustees are also trustees of the charity. Members of the Board of Trustees are appointed by the members at the association's Annual General Meeting.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Statement of Board of Trustees' Responsibilities

The Companies Act 2006 requires the Board of Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period. In preparing those financial statements the Board of Trustees is required to:

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

The Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and to enable it to: ensure that the financial statements comply with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024. It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Board of Trustees has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Statement on Internal Financial Control

The Board of Trustees acknowledges its ultimate responsibility for ensuring that the association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the Board of Trustees' responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Trustees to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- 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 the Board of Trustees;
- the Board of Trustees receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board of Trustees has reviewed the effectiveness of the system of internal financial control in existence in the association for the year ended 31 March 2025. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

The members of the Board of Trustees at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

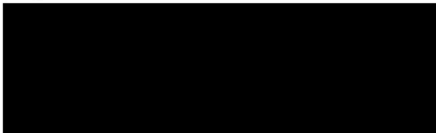
AYRSHIRE HOUSING

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2025

Auditor

In accordance with obligations regarding procurement, Ayrshire Housing will be arranging to tender external audit for the financial year 2026.

By order of the Board of Trustees



C Donald
Secretary
10 September 2025

AYRSHIRE HOUSING

REPORT BY THE AUDITORS TO THE MEMBERS OF AYRSHIRE HOUSING ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice 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 of Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice 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 Trustees and Officers of the Company and examination of relevant documents, we have satisfied ourselves that the Board of Trustees's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


KEVIN G BOOTH (SENIOR STATUTORY AUDITOR)
ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW
10 September 2025



Alexander Sloan
Accountants and Business Advisers

AYRSHIRE HOUSING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYRSHIRE HOUSING FOR THE YEAR ENDED 31 MARCH 2025

Opinion

We have audited the financial statements of Ayrshire Housing (the 'Company') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, 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 Company's affairs as at 31 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 Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis of 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 Company 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 Trustees' 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 Company'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 Trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The Board of Trustees 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.

AYRSHIRE HOUSING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYRSHIRE HOUSING FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Other Information (Contd.)

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 Companies Act 2006 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Company in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Company 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 Company; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Trustees

As explained more fully in the statement of Board of Trustees' responsibilities as set out on page 11, the Board of Trustees 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 Trustees 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 Trustees is responsible for assessing the Company'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 Trustees either intends to liquidate the Company 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:

AYRSHIRE HOUSING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYRSHIRE HOUSING FOR THE YEAR ENDED 31 MARCH 2025 (continued)

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 Company through discussions with 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 Company, including the Companies Act 2006, 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 inspecting legal correspondence; 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.

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

- making enquiries of management 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 Company's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

AYRSHIRE HOUSING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AYRSHIRE HOUSING FOR THE YEAR ENDED 31 MARCH 2025 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

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.

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 Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.


KEVIN G BOOTH (SENIOR STATUTORY AUDITOR)
ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
GLASGOW
10 September 2025



Alexander Sloan
Accountants and Business Advisers

AYRSHIRE HOUSING

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
Revenue	2		13,524,503		12,804,788
Operating costs	2		7,383,876		6,138,072
OPERATING SURPLUS			6,140,627		6,666,716
(Loss)/gain on sale of housing stock	7	(205,654)		(193,348)	
Interest receivable and other income		183,079		176,838	
Interest payable and similar charges	8	(1,271,220)		(1,318,277)	
Decrease in valuation of housing properties on initial measurement	12(a)	(3,846,173)		(5,892,783)	
Other Finance income/(charges)	11	(22,000)		(2,000)	
			(5,161,968)		(7,229,570)
Surplus / (deficit) on ordinary activities before taxation	9		978,659		(562,854)
SURPLUS / (DEFICIT) FOR THE YEAR			978,659		(562,854)
Other comprehensive income					
Revaluation movements			75,301		6,622,069
Actuarial gains/(losses) on defined benefit pension plan	19		59,000		(526,000)
TOTAL COMPREHENSIVE INCOME			1,112,960		5,533,215

The results relate wholly to continuing activities.

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

AYRSHIRE HOUSING

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025	2024
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated valuation	12	100,621,601	101,228,874
Other tangible assets	12	<u>1,365,992</u>	<u>1,403,758</u>
		101,987,593	102,632,632
CURRENT ASSETS			
Receivables	13	464,118	250,769
Investments	14	1	1
Cash and cash equivalents	15	<u>7,068,275</u>	<u>8,201,055</u>
		7,532,394	8,451,825
CREDITORS: Amounts falling due within one year	16	<u>(4,642,371)</u>	<u>(3,085,993)</u>
NET CURRENT ASSETS		<u>2,890,023</u>	<u>5,365,832</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		104,877,616	107,998,464
CREDITORS: Amounts falling due after more than one year	17	(26,655,419)	(29,401,235)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish housing association pension scheme	19	<u>(373,000)</u>	<u>(475,000)</u>
		(373,000)	(475,000)
DEFERRED INCOME			
Social housing grants	20	<u>(1,375,627)</u>	<u>(2,761,619)</u>
		<u>(1,375,627)</u>	<u>(2,761,619)</u>
NET ASSETS		<u>76,473,570</u>	<u>75,360,610</u>
EQUITY			
Revenue reserves		29,483,074	28,330,562
Revaluation reserve		47,363,496	47,505,048
Pension reserves		<u>(373,000)</u>	<u>(475,000)</u>
		<u>76,473,570</u>	<u>75,360,610</u>

The financial statements were approved by the Board of Trustees and authorised for issue and signed on their behalf on 10 September 2025.

Georgina Dawson

Chairperson

Amanda Bryan

Vice-Chair

Caroline Donald

Secretary

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

AYRSHIRE HOUSING

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025	2024
		£	£
Surplus for the Year		978,659	(562,854)
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	12	1,511,584	1,393,495
Release of Capital grants	20	(3,850,168)	(3,805,053)
Impairment of Assets		653,092	-
Loss/(gain) on disposal of tangible fixed assets		206,406	193,348
Movement in fair value adjustment	12(a)	3,846,173	5,892,783
Non-cash adjustments to pension provisions		(43,000)	(163,000)
		<u>2,324,087</u>	<u>3,511,573</u>
Interest receivable		(183,079)	(176,838)
Interest payable	8	<u>1,271,220</u>	<u>1,318,277</u>
Operating cash flows before movements in working capital		4,390,887	4,090,158
Change in debtors		24,984	90,626
Change in creditors		(373,895)	(359,058)
		<u>(348,911)</u>	<u>(268,432)</u>
Net cash inflow from operating activities		4,041,976	3,821,726
Investing Activities			
Acquisition and construction of properties		(5,587,976)	(4,246,078)
Purchase of other fixed assets		(24,571)	(2,647)
Social housing grant received		2,256,781	1,904,505
Proceeds on disposal of housing properties		<u>115,624</u>	<u>118,978</u>
Net cash outflow from investing activities		(3,240,141)	(2,225,242)
Financing Activities			
Interest received on cash and cash equivalents		152,141	139,379
Interest paid on loans		(971,143)	(1,028,769)
Loan principal repayments		<u>(1,115,613)</u>	<u>(1,006,502)</u>
Net cash outflow from financing activities		(1,934,615)	(1,895,892)
Decrease in cash	21	(1,132,780)	(299,408)
Opening cash & cash equivalents		8,201,055	8,500,463
Closing cash & cash equivalents		<u>7,068,275</u>	<u>8,201,055</u>
Cash and cash equivalents as at 31 March			
Cash	21	7,068,275	8,201,055
		<u>7,068,275</u>	<u>8,201,055</u>

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

AYRSHIRE HOUSING

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2025

	Revaluation Reserve	Strathclyde Pension Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2023	41,093,243	-	(112,000)	28,846,152	69,827,395
Other comprehensive income	-	-	(526,000)	-	(526,000)
Revaluation in year	6,622,069	-	-	-	6,622,069
Other movements	(210,264)	-	163,000	47,264	-
Deficit for the year	-	-	-	(562,854)	(562,854)
Balance as at 31 March 2024	47,505,048	-	(475,000)	28,330,562	75,360,610
Balance as at 1 April 2024	47,505,048	-	(475,000)	28,330,562	75,360,610
Other comprehensive income	-	-	59,000	-	59,000
Revaluation in year	75,301	-	-	-	75,301
Other movements	(216,853)	-	43,000	173,853	-
Surplus for the year	-	-	-	978,659	978,659
Balance as at 31 March 2025	47,363,496	-	(373,000)	29,483,074	76,473,570

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

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2024. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

A grant that imposes specified future performance conditions on the company is recognised only when those conditions are met. A grant received before the revenue recognition criteria is satisfied is recognised as a liability. For Social Housing Grant this means that the grant is recognised as revenue on completion of the property.

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme and the Strathclyde Pension Fund, multi-employer defined benefit schemes. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

On the basis that the Board of Trustees has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at valuation less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Building	Over 60 years
Roof	Over 40 years
Windows	Over 30 years
Radiators	Over 30 years
Boilers	Over 15 years
Bathrooms	Over 30 years
Kitchens	Over 20 years
Wiring	Over 30 years
Lift	Over 20 years
Smoke detectors	Over 10 years

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Furniture and Fittings	20% straight line
IT Systems	20% straight line
Offices	2% straight line
Let Furniture and Fittings	20% straight line

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Performance Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on completion of the project to which the grant relates.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease, whichever is shorter.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that cannot be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the 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.

Key Judgements

a) Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Valuation of housing properties

As described in note 12 to the financial statements, housing properties are valued by Jones Lang LaSalle, Chartered Surveyors, on the following bases where applicable:

- Existing Use Value for Social Housing;
- Market Value subject to existing tenancies where applicable; and
- Market Value assuming Vacant Possession - on a non-reliance basis

In arriving at their valuation, they undertook a comprehensive programme of research to supplement their knowledge and understanding of the properties. This included:

- researching local vacant possession values through conversations with local estate agents together with internet research and using RightmovePlus, a bespoke tool for comparable evidence;
- comparing the current Ayrshire Housing's passing rents with peers in the market;
- examining local benchmark affordable rents and comparing these with Ayrshire Housing's rents; and
- analysing data provided by Ayrshire Housing.

d) Financial instrument break clauses

The Board of Trustees has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

e) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 29.

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

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

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

e) Defined pension liability

In 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.

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT							
		2025			2024		
	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	13,420,738	7,322,783	6,097,955	12,614,188	5,998,177	6,616,011
Other Activities	4	103,765	61,093	42,672	190,600	139,895	50,705
Total		13,524,503	7,383,876	6,140,627	12,804,788	6,138,072	6,666,716

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2025 Total £	2024 Total £
Revenue from Lettings				
Rent receivable inclusive of service charges	9,598,892	23,372	9,622,264	8,873,609
Gross income from rent and service charges	9,598,892	23,372	9,622,264	8,873,609
Less: Rent losses from voids	51,694	-	51,694	64,474
Income from rents and service charges	9,547,198	23,372	9,570,570	8,809,135
Grants released from deferred income	3,850,168	-	3,850,168	3,805,053
Total turnover from affordable letting activities	13,397,366	23,372	13,420,738	12,614,188
Expenditure on affordable letting activities				
Management and maintenance administration costs	2,621,634	7,376	2,629,010	2,227,586
Service costs	208,087	-	208,087	228,451
Planned and cyclical maintenance, including major	317,150	-	317,150	287,531
Reactive maintenance costs	2,057,570	-	2,057,570	1,906,882
Bad Debts - rents and service charges	7,874	-	7,874	17,727
Depreciation of affordable let properties	1,444,579	5,421	1,450,000	1,330,000
Impairment of affordable letting activities	653,092	-	653,092	-
Operating costs of affordable letting activities	7,309,986	12,797	7,322,783	5,998,177
Operating surplus on affordable letting activities	6,087,380	10,575	6,097,955	6,616,011
2024	6,602,764	13,247		

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025
NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Other revenue grants	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit)	Operating surplus / (deficit)
	£	£	£	£	2025	2024
Factoring	-	32,474	32,474	-	32,474	9,803
Other activities	51,140	20,151	71,291	61,093	10,198	40,902
Total From Other Activities	51,140	52,625	103,765	61,093	42,672	50,705
2024	144,046	46,554	190,600	139,895	50,705	

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2025	2024
	£	£
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	312,378	330,766
Pension contributions made on behalf of Officers with emoluments greater than £60,000	50,226	53,326
Emoluments payable to the Chief Executive Officer	89,971	12,093
Pension contributions paid on behalf of the Chief Executive Officer	17,736	1,394
Total emoluments payable to the Chief Executive Officer	107,707	13,487
Emoluments payable to the Chief Executive Officer, resigned 16 February 2024	-	77,827
Pension contributions paid on behalf of the Chief Executive Officer, resigned 16 February 2024	-	15,253
Total emoluments payable to the Chief Executive Officer, resigned 16 February 2024	-	93,080
Total emoluments paid to key management personnel	420,950	469,313

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£70,001 to £80,000	1	1
£80,001 to £90,000	1	2
£90,001 to £100,000	1	1
£100,000 to £110,000	1	-
£120,001 to £130,000	-	1

6. EMPLOYEE INFORMATION

	2025	2024
	No.	No.
Average monthly number of full time equivalent persons employed during the year	30	30
Average total number of employees employed during the year	36	34
Staff costs were:	£	£
Wages and salaries	1,349,994	1,145,284
National insurance costs	146,649	123,419
Pension costs	172,455	147,237
Settlement Payment	22,287	45,355
	1,691,385	1,461,295

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. LOSS ON SALE OF HOUSING STOCK

	2025	2024
	£	£
Sales proceeds	122,000	124,999
Cost of sales	(327,654)	(318,347)
Loss on sale of housing stock	<u>(205,654)</u>	<u>(193,348)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2025	2024
	£	£
On bank loans and overdrafts	1,271,220	1,316,787
Non-utilisation fees	-	1,490
	<u>1,271,220</u>	<u>1,318,277</u>

The capitalisation rate of capitalised development period interest was 1.99% (2024 - 1.99%).

9. SURPLUS / (DEFICIT) FOR THE YEAR

	2025	2024
	£	£
Surplus / (Deficit) For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,511,584	1,393,495
Auditors' remuneration - audit services	9,321	9,203
Operating lease rentals - other	13,185	10,836
Loss on sale of other non-current assets	<u>752</u>	<u>-</u>

10. CORPORATION TAX

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / (CHARGES)

	2025	2024
	£	£
Net interest on pension obligations	<u>(22,000)</u>	<u>(2,000)</u>

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting	Housing Properties in Course of Construction	Shared Ownership Completed	Total
	£	£	£	£
COST / VALUATION				
At 1 April 2024	96,555,000	4,308,874	365,000	101,228,874
Additions	1,792,383	3,795,593	-	5,587,976
Disposals	(321,278)	-	-	(321,278)
Write down on initial measurement	(3,846,173)	-	-	(3,846,173)
Impairment	-	(653,092)	-	(653,092)
Revaluation	(1,387,645)	-	12,939	(1,374,706)
Transfers	5,707,713	(5,654,774)	(52,939)	-
At 31 March 2025	98,500,000	1,796,601	325,000	100,621,601
DEPRECIATION				
At 1 April 2024	-	-	-	-
Charge for Year	1,444,579	-	5,421	1,450,000
Transfer on Revaluation	(1,444,579)	-	(5,421)	(1,450,000)
Disposals	-	-	-	-
At 31 March 2025	-	-	-	-
NET BOOK VALUE				
At 31 March 2025	98,500,000	1,796,601	325,000	100,621,601
At 31 March 2024	96,555,000	4,308,874	365,000	101,228,874

	2025		2024	
Expenditure on Existing Properties	Component replacement	Improvements / Repairs	Component replacement	Improvements / Repairs
	£	£	£	£
Amounts capitalised	1,575,958	-	1,294,927	-
Amounts charged to the statement of comprehensive income	-	2,591,015	-	2,440,192

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £66,955 (2024 - £130,476).

The Association's lenders have standard securities over housing property with a carry value of £61,415,000 (2024 - £61,885,000).

All housing properties were valued on the basis of existing value for social housing at 31 March 2025. The valuation was carried out by Jones Lang LaSalle, Chartered Surveyors. The valuations have been prepared in accordance with the current RICS Valuation - Global Standards.

If housing properties had not been revalued, they would have been included as follows:

	2025	2024
	£	£
Cost of properties	161,957,634	156,654,590
Less: Social Housing and Other Grants	84,723,300	82,259,124
	77,234,334	74,395,466
Depreciation	(14,901,869)	(13,723,668)
	62,332,465	60,671,798

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Let Furniture & Fittings £	Computer Equipment £	Total £
COST					
At 1 April 2024	1,526,880	97,144	161,920	336,109	2,122,053
Additions	-	-	-	24,571	24,571
Eliminated on disposals	(1,872)	(49,438)	(161,920)	(82,538)	(295,768)
	<u>1,525,008</u>	<u>47,706</u>	<u>-</u>	<u>278,142</u>	<u>1,850,856</u>
At 31 March 2025	1,525,008	47,706	-	278,142	1,850,856
DEPRECIATION					
At 1 April 2024	198,930	84,849	161,920	272,596	718,295
Charge for year	30,538	4,211	-	26,835	61,584
Eliminated on disposals	(593)	(49,393)	(161,920)	(83,109)	(295,015)
	<u>228,875</u>	<u>39,667</u>	<u>-</u>	<u>216,322</u>	<u>484,864</u>
At 31 March 2025	228,875	39,667	-	216,322	484,864
NET BOOK VALUE					
At 31 March 2025	<u>1,296,133</u>	<u>8,039</u>	<u>-</u>	<u>61,820</u>	<u>1,365,992</u>
At 31 March 2024	<u>1,327,950</u>	<u>12,295</u>	<u>-</u>	<u>63,513</u>	<u>1,403,758</u>

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RECEIVABLES

	2025	2024
	£	£
Gross arrears of rent and service charges	112,478	108,854
Less: Provision for doubtful debts	(57,668)	(57,668)
<i>Net arrears of rent and service charges</i>	54,810	51,186
Social housing grant receivable	207,395	-
Other receivables	201,913	199,583
	<u>464,118</u>	<u>250,769</u>

14. CURRENT ASSET INVESTMENTS

	2025	2024
	£	£
Subsidiary Investment	1	1
	<u>1</u>	<u>1</u>

Ayrshire Housing holds the one issued share of Ayrshire Homestake Limited, a company registered in Scotland.

Ayrshire Homestake Limited is currently non trading.

15. CASH AND CASH EQUIVALENTS

	2025	2024
	£	£
Cash at bank and in hand	7,068,275	8,201,055
	<u>7,068,275</u>	<u>8,201,055</u>

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Bank loans	3,273,748	1,283,468
Other loans	-	60,000
Trade payables	353,706	733,066
Rent received in advance	433,924	415,348
Other taxation and social security	36,494	30,207
Other payables	96,855	265,812
Accruals and deferred income	447,644	298,093
	<u>4,642,371</u>	<u>3,085,994</u>

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2025	2024
	£	£
Bank loans	26,655,419	29,401,235
	<u>26,655,419</u>	<u>29,401,235</u>

18. DEBT ANALYSIS - BORROWINGS

	2025	2024
	£	£
Bank Loans		
Amounts due within one year	3,273,748	1,283,468
Amounts due in one year or more but less than two years	1,084,430	3,315,483
Amounts due in two years or more but less than five years	9,537,241	6,967,864
Amounts due in more than five years	16,033,747	19,117,888
	<u>29,929,166</u>	<u>30,684,703</u>

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Royal Bank of Scotland	569	5.62% - 6.35%	2028 - 2040	Variable & Fixed
Nationwide	257	4.9%	2025 - 2035	Variable
Bank of Scotland	231	5.46% - 7.60%	2027 - 2035	Variable & Fixed
Allia	-	1.88% - 3.27%	2026 - 2035	Fixed

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

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

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

The last triennial valuation of the Scheme was performed as at 30 September 2024 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £689.8m. The valuation revealed a shortfall of assets compared with the value of liabilities of £79.5m (equivalent to a past service funding level of 90%). A recovery plan is being put in place to eliminate the past service deficit from 1 April 2026 to 31 March 2030 for the majority of employers.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2025	2024	2023
	£	£	£
Fair value of plan assets	2,602,000	2,778,000	2,566,000
Present value of defined benefit obligation	2,975,000	3,253,000	2,678,000
Surplus / (deficit) in plan	(373,000)	(475,000)	(112,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(373,000)	(475,000)	(112,000)

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025	2024
	£	£
Defined benefit obligation at the start of period	3,253,000	2,678,000
Current service cost	86,000	70,000
Expenses	4,000	4,000
Interest expense	162,000	130,000
Contributions by plan participants	112,000	99,000
Actuarial losses (gains) due to scheme experience	(1,000)	434,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(15,000)
Actuarial losses (gains) due to changes in financial assumptions	(542,000)	26,000
Benefits paid and expenses	(99,000)	(173,000)
Defined benefit obligation at the end of period	2,975,000	3,253,000

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

	2025	2024
	£	£
Fair value of plan assets at start of period	2,778,000	2,566,000
Interest income	141,000	127,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(518,000)	(8,000)
Contributions by the employer	188,000	167,000
Contributions by plan participants	112,000	99,000
Benefits paid and expenses	(99,000)	(173,000)
Fair value of plan assets at the end of period	2,602,000	2,778,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£377,000) (2024 - £119,000).

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2025	2024
	£	£
Current service cost	86,000	70,000
Expenses	4,000	4,000
Net interest expense	21,000	3,000
	<u>111,000</u>	<u>77,000</u>
Defined benefit costs recognised in statement of comprehensive income	111,000	77,000

Defined benefit costs recognised in the other comprehensive income

	2025	2024
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(518,000)	(8,000)
Experience gains and losses arising on plan liabilities - gain /(loss)	1,000	(434,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	15,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	542,000	(26,000)
	<u>25,000</u>	<u>(453,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	25,000	(453,000)
	<u>25,000</u>	<u>(453,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	25,000	(453,000)

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2025	2024	2023
	£	£	£
Absolute Return	-	125,000	35,000
Alternative Risk Premia	-	100,000	15,000
Corporate Bond Fund	-	-	3,000
Credit Relative Value	-	98,000	98,000
Distressed Opportunities	-	102,000	79,000
Emerging Markets Debt	-	49,000	20,000
Currency Hedging	4,000	(1,000)	5,000
Global Equity	301,000	319,000	68,000
Index Linked All Stock Gilts	119,000	-	-
Infrastructure	1,000	266,000	276,000
Insurance-Linked Securities	10,000	17,000	71,000
Liability Driven Investment	733,000	1,005,000	1,086,000
Liquid Alternatives	479,000	-	-
Long Lease Property	1,000	21,000	86,000
Net Current Assets	3,000	3,000	6,000
Over 15 Year Gilts	111,000	-	-
Private Debt	-	112,000	115,000
Property	129,000	117,000	107,000
Real Assets	311,000	-	-
Risk Sharing	-	167,000	187,000
Secured Income	60,000	93,000	172,000
Opportunistic Illiquid Credit	-	111,000	113,000
Private Credit	324,000	-	-
Opportunistic Credit / Private Equity	2,000	2,000	-
Cash	14,000	72,000	11,000
High Yield	-	-	13,000
Total assets	2,602,000	2,778,000	2,566,000

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions	2025	2024	2023
Discount Rate	5.9%	4.9%	4.9%
Inflation (RPI)	3.1%	3.1%	3.2%
Inflation (CPI)	2.8%	2.8%	2.8%
Salary Growth	3.8%	4.8%	3.8%

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 years
	(years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2045	21.5
Female retiring in 2045	24.2

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

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

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2025 % p.a.	2024 % p.a.
Equities	60%	58%
Bonds	23%	27%
Property	9%	10%
Cash	8%	5%

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Mortality Rates

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 at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.0	20.3
Future Pensioners	21.5	25.5

Net Pension Liability	2025 £	2024 £	2023 £
Fair value of employer's assets	3,531,000	3,405,000	3,024,000
Present value of scheme liabilities	(2,384,000)	(2,655,000)	(2,420,000)
Surplus / (deficit) in plan	1,147,000	750,000	604,000
Unrecognised surplus	1,147,000	750,000	604,000
Defined benefit asset / (liability) to be recognised	-	-	-

Reconciliation of fair value of employer assets

	2025 £	2024 £	2023 £
Opening fair value of employer assets	3,405,000	3,024,000	2,952,000
Expected return on assets	165,000	145,000	82,000
Contributions by members	21,000	23,000	23,000
Contributions by the employer	37,000	153,000	155,000
Other Experience	-	36,000	-
Return on assets excluding amounts included in net interest	(45,000)	148,000	(150,000)
Estimated benefits paid	(52,000)	(124,000)	(38,000)
	3,531,000	3,405,000	3,024,000

Reconciliation of defined benefit obligations

	2025 £	2024 £	2023 £
Opening defined benefit obligation	2,655,000	2,420,000	3,563,000
Current service cost	70,000	81,000	157,000
Interest cost	130,000	115,000	98,000
Contributions by members	21,000	23,000	23,000
Changes to financial assumptions	(440,000)	140,000	(1,383,000)
Estimated benefits paid	(52,000)	(124,000)	(38,000)
	2,384,000	2,655,000	2,420,000

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Analysis of amount charged to the statement of comprehensive income

	2025 £	2024 £
Charged to operating costs:		
Service cost	70,000	81,000
	<u>70,000</u>	<u>81,000</u>
Charged to other finance costs / (income)		
Expected return on employer assets	(129,000)	(145,000)
Interest on pension scheme liabilities	130,000	144,000
	<u>1,000</u>	<u>(1,000)</u>
Net charge to the statement of comprehensive income	<u>71,000</u>	<u>80,000</u>

Actuarial gain / (loss) recognised in other comprehensive income

	2025 £	2024 £	2023 £
Changes in financial assumptions	419,000	166,000	(1,484,000)
Changes in demographic assumptions	5,000	(18,000)	(23,000)
Other experience	16,000	(252,000)	124,000
Return on assets excluding amounts included in net interest	(45,000)	148,000	150,000
Change in asset ceiling	(361,000)	(117,000)	604,000
	<u>34,000</u>	<u>(73,000)</u>	<u>(629,000)</u>
Total remeasurement recognised in Other Comprehensive income	<u>34,000</u>	<u>(73,000)</u>	<u>(629,000)</u>

Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2026

	£	% of pay
Projected current service cost	(54,000)	(17.3)
Interest on obligation	(139,000)	
Expected return on plan assets	205,000	
Interest on the effect of the asset ceiling	(67,000)	
Total Included in Profit and Loss	<u>(55,000)</u>	

Contributions made by the Association for the year ended 31 March 2025 are estimated to be approximately £46,000.

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEFERRED INCOME

	Social Housing Grants £	Total £
Capital grants received		
At 1 April 2024	2,761,619	2,761,619
Additions in the year	2,464,176	2,464,176
Transferred to income	(3,850,168)	(3,850,168)
At 31 March 2025	<u>1,375,627</u>	<u>1,375,627</u>
Net book value		
At 31 March 2025	<u>1,375,627</u>	<u>1,375,627</u>
At 31 March 2024	<u>2,761,619</u>	<u>2,761,619</u>

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

	2025 £	2024 £
Amounts due within one year	1,375,627	1,385,992
Amounts due in more than one year	-	1,375,627
	<u>1,375,627</u>	<u>2,761,619</u>

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	2025	2024
	£	£
Decrease in cash	(1,132,780)	(299,408)
Cashflow from change in net debt	755,536	715,723
Movement in net debt during the year	(377,244)	416,315
Net debt at 1 April	(22,483,648)	(22,899,963)
Net debt at 31 March	(22,860,892)	(22,483,648)

	At 1 April 2024	Cashflows	Other Changes	At 31 March 2025
	£	£	£	£
Cash and cash equivalents	8,201,055	(1,132,780)	-	7,068,275
	8,201,055	(1,132,780)	-	7,068,275
Debt: Due within one year	(1,283,468)	755,536	(2,745,816)	(3,273,748)
Due after more than one year	(29,401,235)	-	2,745,816	(26,655,419)
Net debt	(22,483,648)	(377,244)	-	(22,860,892)

22. CAPITAL COMMITMENTS

	2025	2024
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	6,335,319	3,571,186

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

23. COMMITMENTS UNDER OPERATING LEASES

	2025	2024
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	10,601	12,560
Expiring later than one year and not later than five years	35,195	32,127
	45,796	44,687

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. DETAILS OF ASSOCIATION

The Association is a company registered in Scotland under the Companies Act 2006.

The Association's principal place of business is 119 Main Street, Ayr, KA8 8BX.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Ayrshire.

25. BOARD OF TRUSTEES MEMBER EMOLUMENTS

Board of Trustees members received £772 (2024 - £470) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Trustees members in respect of their duties to the Association.

26. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2025 No.	2024 No.
General needs	1,719	1,696
Shared ownership	7	8
	<u>1,726</u>	<u>1,704</u>

AYRSHIRE HOUSING

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

27. RELATED PARTY TRANSACTIONS

Members of the Board of Trustees are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Any transactions between the Association and any entity with which a Board of Trustees member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board of Trustees members (and their close family) were as follows:

	2025	2024
	£	£
Rent received from tenants on the Board of Trustees and their close family members	30,090	29,001

At the year end total rent arrears owed by the tenant members on the Board of Trustees (and their close family) were £157 (2024 - £438).

Members of the Board of Trustees who are tenants	6	6
Members of the Board of Trustees who are local authority employees	-	1

28. GROUP STRUCTURE

Ayrshire Housing is a housing company registered in Scotland and forms part of a group. The other member is Ayrshire Homestake Limited and the company is registered in Scotland. The main activity of Ayrshire Homestake Limited would be the administration of the supply of low cost home ownership. However, the company has been dormant since its incorporation. Ayrshire Housing is considered to be the ultimate parent. Separate group accounts are not prepared as the Trustees are of the opinion that the group is exempt from this requirement.

29. CONTINGENT LIABILITY

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.