



**CAIRN HOUSING ASSOCIATION LIMITED**  
**GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**The Scottish Housing Regulator: HEP218**  
**Scottish Charity Number: SC016647**

## CAIRN HOUSING ASSOCIATION LIMITED

### BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

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**Board of Management**

A Lamont, Chairperson  
L Crawford, Vice-Chairperson  
D Jamieson (Resigned 19 September 2024)  
H Barton (Resigned 19 September 2024)  
N Wood  
L Casserly  
N Chapman  
D Reid  
D Paton  
A Clark  
S Travers (co-optee)

**Executive Officers**

A Simpson, Chief Executive and Secretary  
K Tudhope, Director of Finance and People Services  
M Boyter, Director of Business Services  
MC Deasley, Director of Property Services  
C Milburn, Director of Customer Services

**Secretary**

A Simpson

**Head Office**

Bellevue House  
22 Hopetoun Street  
Edinburgh  
EH7 4GH

**Auditor**

Azets Audit Services Limited  
Chartered Accountants Limited  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

**Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

**Other Lenders**

Metlife Investment Management Ltd  
34<sup>th</sup> Floor  
One Canada Square  
London  
E14 5AA

**Registration numbers**

Financial Conduct Authority  
The Scottish Housing Regulator  
Registered Scottish Charity

2335R(S)  
HEP218  
SC016647

**CAIRN HOUSING ASSOCIATION LIMITED**  
**GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

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## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)**

#### **FOR THE YEAR ENDED 31 MARCH 2025**

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The Board of Management present their Report and the audited financial statements for the year ended 31 March 2025.

#### **Principal activities**

The principal activity of the Group is the provision of affordable housing for rent and related services for tenants and other parties.

#### **Objectives and Strategy**

Our key strategic objectives are informed by our Vision which is shared with all parts of Cairn Housing Group:

##### Vision, Values & Mission

Our vision is Great Homes, Great Services, Great People.

Our Values are Customers First, Accountability, Excellence, Respect, One Team.

Our mission is to provide quality, safe, affordable homes, and services, with partners in our local communities.

Our objectives are:

- High quality affordable homes and thriving neighbourhoods;
- Customer focussed services, delivered with efficiency and to achieve value for money; and
- Skilled and engaged staff and sound governance.

Cairn Housing Group consists of:-

- Cairn Housing Association Limited (as Group Parent), a registered social landlord incorporated in Scotland;
- ANCHO Limited, which is a subsidiary of Cairn Housing Association Limited, and a registered social landlord incorporated in Scotland and based in North Ayrshire. Its principal activity is the provision of affordable housing for rent and related services for tenants and other parties (note that a full Transfer of Engagements of ANCHO took place post year-end on 1 April 2025); and
- Pentland Community Services Limited (PCE) which is the operating commercial subsidiary of the Group. PCE undertakes a range of commercial activities and any non-charitable activities, including management of homes at mid-market rent, full-market rent and garage management services, with future plans for factoring and other commercial projects to benefit the Group.

## CAIRN HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

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#### Review of the Group's business

##### Highlights during the year included:

- We launched HomeMaster, our brand new housing management and reporting system, and XLedger, our new finance system.
- We launched our new Business Plan, the first under the leadership of our new Chief Executive. The plan reflects a fresh chapter in our journey, focusing on innovation, sustainability and a commitment to meet the evolving needs of our tenants and communities across Scotland.
- In partnership with Harbour Homes, we created 306 affordable new homes at Granton in Edinburgh. This includes 96 homes for social rent by Harbour Homes and 130 properties for mid-market rent by Harbour Lettings. The remaining 80 properties are social rent homes provided by Cairn.
- We built 20 brand new affordable homes in Pumpherston, West Lothian. These homes were designed to be energy efficient and are a mix of cottage flats and houses for three and four-person households.
- We completed a development in Longridge, West Lothian, providing 52 affordable homes to the community. The development consists of a mix of two-bedroom bungalows and two, three and four-bedroom terraced houses.
- Ancho tenants voted to transfer over to Cairn, with 92% in favour of the transfer. Ancho have been part of a constitutional partnership with Cairn since 2018.
- The Ancho team held a successful fun day for tenants and the local community. Numerous local organisations also attended to provide valuable support and information.
- Cairn Connect celebrated its tenth birthday. Over this period, the team has handled an impressive 315,119 calls, 102,500 emails and 8,231 webchats.
- Our Welfare Benefits team continued to provide a range of support and advice to help our tenants access additional benefits entitlement. Last year, they supported 559 tenants, gaining them an additional £1,606,435 in income.
- We also started Lunch and Learn sessions for all staff which have proved popular. Topics so far have ranged from building resilience, avoiding burnout, managing challenging conversations, pensions and neurodiversity. These hourly sessions have so far proved popular with staff.

#### Financial performance

The Association generated an operating surplus of £2,409,461 (2024: £3,017,020). The Association had an overall surplus for the year of £1,442,081 (2024: £441,590).

The Group generated a surplus after taxation of £1,689,573 (2024: deficit of £636,692).

During the year the Group invested over £6.2m in replacement of components in our homes along with £2.9m in developing new homes.

The Group acknowledges that effective treasury management supports the achievement of its business and service objectives. The Group maintains an adequate loan portfolio to support its business activities.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **Future Developments**

The Board and the management team of Cairn Housing Association Limited, in their role as Group parent, actively monitor risks and remain confident about business resilience and the future of the Group as a whole and are focused on delivering our vision of Great Homes, Great Services, and Great People. We will continue our commitment to continue to modernise and change where required - including further delivery of our Digital Strategy and to operate the business in the long-term interests of current and future customers in communities throughout Scotland.

The Group's commercial subsidiary, Pentland Community Enterprises Limited (PCE), will continue to develop and seek out new commercial opportunities to provide new services and generate income for the Group.

As part of our business and financial planning we have the financial capacity to sustain our new build development activity in the coming years. We intend to continue with a new build development programme based on strict financial and strategic criteria which will determine the size and balance of the programme. We will continue to invest in a retrofit programme of existing stock to improve energy efficiency.

#### **Growth & Partnerships**

The full merger of Cairn Housing Association and ANCHO via a Transfer of Engagement following a successful tenant vote took place on 1 April 2025.

We will continue to explore collaboration and potential organisational and service partnerships with other housing associations, as we look to strengthen business resilience and capacity to have a greater impact on the quality of lives of our customers and communities throughout Scotland.

#### **Risks and Uncertainties**

Risks are managed through the Group Risk Register which documents associated controls in place. These are reviewed frequently by management and the Board, and include:

- Impact of labour and materials supply on maintenance service;
- Current and forecast inflation and interest rates;
- Political changes including welfare reform, health & safety legislation, zero carbon targets and funding pressures; and
- Management of cash flows to meet the delivery of the investment programme whilst preserving lender loan covenants.

The Board has a formal risk management process to assess, monitor and manage business risks. This involves identifying the types of risks that the Group faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying controls in place to mitigate these risks. The Board reviews the adequacy of the Group's current internal controls through Risk Register reviews, KPI reporting and a programme of Internal Audit.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **Key performance indicators**

The Group continues to closely monitor key performance indicators, including those required under the Annual report on The Scottish Social Housing Charter. We also pay particular attention to key financial indicators on gearing and interest cover to ensure ongoing financial stability and to meet our lending covenants.

#### **Governance**

Cairn Housing Association Limited has a Board of Management elected by the shareholding members of the Association at each Annual General Meeting. The Board directs the strategy, sets policies, oversees the overall direction, and monitors the business plan of the Association and its subsidiaries.

The Board also ensures appropriate levels of assurance and strategic risk management, including external advice where appropriate, and compliance with regulatory standards. The Chair and Vice-Chair are remunerated whilst the other members of the Board of Management are currently unpaid, other than expenses.

We review the Board Succession & Development Plan each year, following annual personal development meetings, to ensure the appropriate level and mix of skills and experience and keeping up to date with regulatory requirements and best practice standards.

Cairn Housing Association Limited and ANCHO Limited are members of the Scottish Federation of Housing Associations, and we continue positive working relationships with our Regulators, (SHR and OSCR), local authorities and other partners. We are also members of Scotland's Housing Network for benchmarking and improvement good practice.

The Group is committed to continuous improvement and the Board sets challenging business targets, which are regularly monitored and reviewed by the Board and Executive Team.

Group governance arrangements include an Audit & Performance Committee, a Remuneration Committee and we also plan to work with new regional tenants' panels to provide an additional level of scrutiny and to support improvement activities. The boards of ANCHO and Cairn Housing Association continue to meet in joint governing bodies meetings to consider Group issues, whilst still maintaining the distinct governance administration and minutes of decisions as required in the regulatory standards.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **The Board of Management and Executive Officers**

The Board of Management and executive officers of the Association are listed on the first page of the financial statements. Each member of the Board of Management holds one fully paid share of £1 in Cairn Housing Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board. The Schedule of Delegated Authorities ensures the appropriate balance of enabling operational effectiveness with proper board oversight and decisions making where required.

#### **Statement of the Board of Management's Responsibilities**

The Board of Management is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014, and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period. In preparing these financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Group or the Association will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and the Association and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in another jurisdiction.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **Statement on internal financial control**

The Board of Management is responsible for the Group's and the Association's system of internal financial control.

Internal financial controls are those procedures established by the senior management team, and reviewed by the Group Audit & Performance Committee, in order to provide reasonable assurance on the safeguarding of assets and the maintenance of proper accounting records and the reliability of financial information used within the Group and the Association or for publication. Such a system of controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The approach adopted by the Board of Management to provide effective financial control can be summarised as follows:

- (a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Group. A comprehensive programme of internal audit covering over time all the Group's main activities is on-going. Reports are made to the Group Audit & Performance Committee with appropriate action taken where necessary.
- (b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board of Management quarterly.
- (c) Major business risks and their financial implications are assessed by reference to established criteria.
- (d) The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records as detailed in the Financial Regulations.
- (e) The Board of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

While retaining overall responsibility for internal financial control, the Board of Management has delegated the day-to-day administration of the Group and the Association to the executive officers.

The Board of Management has reviewed the system of internal financial control in the Group and the Association during the year ended 31 March 2025. No weaknesses were found in internal financial control 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.

**CAIRN HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2025**

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**Disclosure of information to the auditor**

To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as the Board members are aware, there is no relevant information of which the Group's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Group's auditor is aware of the information.

**Auditor**

The Group is currently undertaking a competitive tender for the provision of external audit services and a recommendation will go to the AGM re the appointment of the auditor for 2025/26.

The Report of the Board of Management (incorporating the Strategic Report) has been approved by the Board of Management:

**By order of the Board**



**A Simpson**  
**Group Chief Executive & Secretary**

Date: 28 August 2025



**A Lamont**  
**Chairperson, CHA Board of Management**

Date: 28 August 2025

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **Opinion**

We have audited the financial statements of Cairn Housing Association Limited (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2025 which comprise the Group and Association Statements of Comprehensive Income, the Group and Association Statements of Changes in Capital and Reserves, the Group and Association Statements of Financial Position, the Group and Association Statements of Cash Flows and the notes to the financial statements, including 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 the Association's affairs as at 31 March 2025 and of the Group's and the Association's income and expenditure 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 Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

#### **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 Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 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 Group's or the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **Other information (continued)**

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

#### **Responsibilities of the Board of Management**

As explained more fully in the Statement of the Board of Management 's Responsibilities set out on page 5, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of 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's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Group or the 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 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.

A further description of our responsibilities is available on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## CAIRN HOUSING ASSOCIATION LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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#### Auditor's responsibilities for the audit of the financial statements (continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Group and the Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Association are complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group and the Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including 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 identified the laws and regulations applicable to the Group and the Association through discussions with the Board members and the senior management team, and from our 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 the Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Board 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.

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;
- reading the minutes of meetings of the Board of Management and relevant sub-committees;
- enquiring of the senior management team and the Board of Management as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and Association's legal advisors.

**CAIRN HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

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**Auditor's responsibilities for the audit of the financial statements (continued)**

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

- making enquiries of the senior management team and the Board 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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with Section 87 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, as a body, 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.



**Azets Audit Services Limited**  
**Statutory Auditor**  
**Chartered Accountants**  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 1 September 2025

Azets Audit Services Limited is eligible for appointment as auditor of the Group and Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**CAIRN HOUSING ASSOCIATION LIMITED**

**REPORT OF THE AUDITOR TO THE MEMBERS OF CAIRN HOUSING ASSOCIATION LIMITED  
ON INTERNAL FINANCIAL CONTROL**

**FOR THE YEAR ENDED 31 MARCH 2025**

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In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Group's and the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control 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 on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Group's and 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 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Board of Management and Officers of the Group and 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 Group's and the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.



**Azets Audit Services Limited**  
**Statutory Auditor**  
**Chartered Accountants**  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 1 September 2025

Azets Audit Services Limited is eligible for appointment as auditor of the Group and Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**GROUP STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2025**

|                                                                              | Notes | 2025<br>£           | 2024<br>£           |
|------------------------------------------------------------------------------|-------|---------------------|---------------------|
| <b>Turnover</b>                                                              | 4     | <b>29,698,597</b>   | <b>27,660,783</b>   |
| Operating expenditure                                                        | 4     | <b>(26,834,791)</b> | <b>(24,360,108)</b> |
| Operating expenditure - exceptional                                          | 4,25  | -                   | <b>(1,000,000)</b>  |
| <b>Operating surplus</b>                                                     | 4     | <b>2,863,806</b>    | <b>2,300,675</b>    |
| Gain on sale of property, plant, and equipment                               | 10    | <b>8,255</b>        | -                   |
| Gain on disposal of investment properties                                    | 10    | <b>143,812</b>      | -                   |
| Interest receivable                                                          | 11    | <b>222,831</b>      | <b>352,221</b>      |
| Interest payable and similar charges                                         | 12    | <b>(3,364,131)</b>  | <b>(3,289,588)</b>  |
| Gain on revaluation of investment property                                   | 14c   | <b>1,815,000</b>    | -                   |
| <b>Surplus/(deficit) for the year before taxation</b>                        |       | <b>1,689,573</b>    | <b>(636,692)</b>    |
| Taxation                                                                     | 13    | -                   | -                   |
| <b>Surplus/(deficit) after taxation</b>                                      |       | <b>1,689,573</b>    | <b>(636,692)</b>    |
| <b>Other comprehensive income</b>                                            |       |                     |                     |
| Actuarial gain/(loss) in respect of the SHAPS defined benefit pension scheme | 23    | <b>234,000</b>      | <b>(1,169,000)</b>  |
| <b>Total comprehensive income for the year</b>                               |       | <b>1,923,573</b>    | <b>(1,805,692)</b>  |

The results for the year relate wholly to continuing activities.

Approved and authorised for issue by the Board of Management on 28 August 2025 and signed on its behalf by:

  
Mr A Lamont

Chairperson

  
Ms J Crawford

Vice Chairperson

  
Ms A Simpson

Secretary

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2025**

|                                                                              | Notes | 2025<br>£           | 2024<br>£           |
|------------------------------------------------------------------------------|-------|---------------------|---------------------|
| <b>Turnover</b>                                                              | 4     | <b>27,012,798</b>   | <b>25,016,240</b>   |
| Operating expenditure                                                        | 4     | <b>(24,603,337)</b> | <b>(21,999,220)</b> |
| <b>Operating surplus</b>                                                     | 4     | <b>2,409,461</b>    | <b>3,017,020</b>    |
| Gain on sale of investment property                                          | 10    | <b>131,748</b>      | -                   |
| Interest receivable                                                          | 11    | <b>258,334</b>      | <b>411,998</b>      |
| Interest payable and similar charges                                         | 12    | <b>(3,097,462)</b>  | <b>(2,987,428)</b>  |
| Gain on revaluation of investment property                                   | 14d   | <b>1,740,000</b>    | -                   |
| <b>Surplus for the year before taxation</b>                                  |       | <b>1,442,081</b>    | <b>441,590</b>      |
| Taxation                                                                     | 13    | -                   | -                   |
| <b>Surplus after taxation</b>                                                |       | <b>1,442,081</b>    | <b>441,590</b>      |
| <b>Other comprehensive income</b>                                            |       |                     |                     |
| Actuarial gain/(loss) in respect of the SHAPS defined benefit pension scheme | 23    | <b>234,000</b>      | <b>(1,169,000)</b>  |
| <b>Total comprehensive income for the year</b>                               |       | <b>1,676,081</b>    | <b>(727,410)</b>    |

The results for the year relate wholly to continuing activities.

Approved and authorised for issue by the Board of Management on 28 August 2025 and signed on its behalf by:



Mr A Lamont

Chairperson



Ms A Crawford

Vice Chairperson



Ms A Simpson

Secretary

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**AS AT 31 MARCH 2025**

|                                         | <b>Share<br/>capital<br/>£</b> | <b>Revenue<br/>reserve<br/>£</b> | <b>Total<br/>reserves<br/>£</b> |
|-----------------------------------------|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2024                 | 138                            | 77,299,936                       | 77,300,074                      |
| Total comprehensive income for the year | -                              | 1,923,573                        | 1,923,573                       |
| Issue of shares during the year         | -                              | -                                | -                               |
| Cancelled shares during the year        | (18)                           | -                                | (18)                            |
| Balance at 31 March 2025                | <u>120</u>                     | <u>79,223,509</u>                | <u>79,223,629</u>               |

**AS AT 31 MARCH 2024**

|                                         | <i>Share<br/>capital<br/>£</i> | <i>Revenue<br/>reserve<br/>£</i> | <i>Total<br/>reserves<br/>£</i> |
|-----------------------------------------|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2023                 | 155                            | 79,105,628                       | 79,105,783                      |
| Total comprehensive income for the year | -                              | (1,805,692)                      | (1,805,692)                     |
| Issue of shares during the year         | 3                              | -                                | 3                               |
| Cancelled shares during the year        | (20)                           | -                                | (20)                            |
| Balance at 31 March 2024                | <u>138</u>                     | <u>77,299,936</u>                | <u>77,300,074</u>               |

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**AS AT 31 MARCH 2025**

|                                         | <b>Share<br/>capital<br/>£</b> | <b>Revenue<br/>reserve<br/>£</b> | <b>Total<br/>reserves<br/>£</b> |
|-----------------------------------------|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2024                 | 138                            | 61,961,063                       | 61,961,201                      |
| Total comprehensive income for the year | -                              | 1,676,081                        | 1,676,081                       |
| Shares acquired in the year             | -                              | -                                | -                               |
| Cancelled shares during the year        | (18)                           | -                                | (18)                            |
| Balance at 31 March 2025                | <u>120</u>                     | <u>63,637,144</u>                | <u>63,637,264</u>               |

**AS AT 31 MARCH 2024**

|                                         | <i>Share<br/>capital<br/>£</i> | <i>Revenue<br/>reserve<br/>£</i> | <i>Total<br/>reserves<br/>£</i> |
|-----------------------------------------|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2023                 | 155                            | 62,688,473                       | 62,688,628                      |
| Total comprehensive income for the year | -                              | (727,410)                        | (727,410)                       |
| Issue of shares during the year         | 3                              | -                                | 3                               |
| Cancelled shares during the year        | (20)                           | -                                | (20)                            |
| Balance at 31 March 2024                | <u>138</u>                     | <u>61,961,063</u>                | <u>61,961,201</u>               |

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**GROUP STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2025**

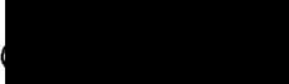
|                                                                | Notes | £                | 2025<br>£                | £                | 2024<br>£                |
|----------------------------------------------------------------|-------|------------------|--------------------------|------------------|--------------------------|
| <b>Tangible fixed assets and investments</b>                   |       |                  |                          |                  |                          |
| Housing properties                                             | 14a   |                  | 209,205,158              |                  | 205,514,683              |
| Investment properties                                          | 14c   |                  | 11,514,804               |                  | 9,857,682                |
| Other fixed assets                                             | 14e   |                  | 1,369,503                |                  | 1,519,425                |
|                                                                |       |                  | <u>222,089,465</u>       |                  | <u>216,891,790</u>       |
| <b>Current assets</b>                                          |       |                  |                          |                  |                          |
| Debtors                                                        | 16    | 1,831,227        |                          | 1,998,032        |                          |
| Cash and cash equivalents                                      | 17a   | 4,002,518        |                          | 3,405,542        |                          |
| Investments                                                    | 17b   | 3,515,000        |                          | 3,000,000        |                          |
| Stock                                                          |       | 34,827           |                          | 44,697           |                          |
|                                                                |       | <u>9,383,572</u> |                          | <u>8,448,271</u> |                          |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (8,486,182)      |                          | (6,354,438)      |                          |
| <b>Net current assets</b>                                      |       |                  | <u>897,390</u>           |                  | <u>2,093,833</u>         |
| <b>Total assets less current liabilities</b>                   |       |                  | <u>222,986,855</u>       |                  | <u>218,985,623</u>       |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                  | (140,004,521)            |                  | (137,709,053)            |
| SHAPS defined benefit pension scheme                           | 23    |                  | (1,944,496)              |                  | (2,076,496)              |
| Deferred taxation                                              | 24    |                  | -                        |                  | -                        |
| Provision for liability                                        | 25    |                  | (1,814,209)              |                  | (1,900,000)              |
| <b>Net assets</b>                                              |       |                  | <u><u>79,223,629</u></u> |                  | <u><u>77,300,074</u></u> |
| <b>Capital and reserves</b>                                    |       |                  |                          |                  |                          |
| Share capital                                                  | 26a   |                  | 120                      |                  | 138                      |
| Revenue reserves                                               | 26b   |                  | 79,223,509               |                  | 77,299,936               |
|                                                                |       |                  | <u><u>79,223,629</u></u> |                  | <u><u>77,300,074</u></u> |

Approved and authorised for issue by the Board of Management on 28 August 2025 and signed on its behalf by:



Mr A Lamont

Chairperson



Ms L Crawford

Vice Chairperson



Ms A Simpson

Secretary

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2025**

|                                                                | Notes | £                | 2025<br>£          | £                | 2024<br>£          |
|----------------------------------------------------------------|-------|------------------|--------------------|------------------|--------------------|
| <b>Tangible fixed assets and investments</b>                   |       |                  |                    |                  |                    |
| Housing properties                                             | 14b   |                  | 187,564,335        |                  | 183,487,969        |
| Investment properties                                          | 14d   |                  | 10,734,804         |                  | 9,152,682          |
| Other fixed assets                                             | 14f   |                  | 1,309,502          |                  | 1,457,516          |
| Investments                                                    | 14g   |                  | 470,001            |                  | 100,002            |
|                                                                |       |                  | <u>200,078,642</u> |                  | <u>194,198,169</u> |
| <b>Current assets</b>                                          |       |                  |                    |                  |                    |
| Debtors due after one year                                     | 15    | 1,460,000        |                    | 1,830,000        |                    |
| Debtors within one year                                        | 16    | 2,145,030        |                    | 2,332,012        |                    |
| Cash and cash equivalents                                      | 17a   | 2,489,354        |                    | 1,910,533        |                    |
| Investments                                                    | 17b   | 3,515,000        |                    | 3,000,000        |                    |
| Stock                                                          |       | 34,000           |                    | 42,500           |                    |
|                                                                |       | <u>9,643,384</u> |                    | <u>9,115,045</u> |                    |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (7,334,428)      |                    | (5,333,150)      |                    |
| <b>Net current assets</b>                                      |       |                  | <u>2,308,956</u>   |                  | <u>3,781,895</u>   |
| <b>Total assets less current liabilities</b>                   |       |                  | <u>202,387,598</u> |                  | <u>197,980,064</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                  | (136,805,838)      |                  | (133,942,367)      |
| SHAPS defined benefit pension scheme                           | 23    |                  | (1,944,496)        |                  | (2,076,496)        |
| <b>Net assets</b>                                              |       |                  | <u>63,637,264</u>  |                  | <u>61,961,201</u>  |
| <b>Capital and reserves</b>                                    |       |                  |                    |                  |                    |
| Share capital                                                  | 26a   |                  | 120                |                  | 138                |
| Revenue reserves                                               | 26b   |                  | 63,637,144         |                  | 61,961,063         |
|                                                                |       |                  | <u>63,637,264</u>  |                  | <u>61,961,201</u>  |

Approved and authorised for issue by the Board of Management on 28 August 2025 and signed on its behalf by:



Mr A Lamont

Chairperson



Ms L Crawford

Vice Chairperson



Ms A Simpson

Secretary

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**

**GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2025**

|                                                                       | Notes | 2025<br>£          | 2024<br>£          |
|-----------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Net cash generated from operating activities</b>                   | 27    | <b>8,910,547</b>   | <b>5,024,094</b>   |
| <b>Cash flow from investing activities</b>                            |       |                    |                    |
| Payments to acquire and improve housing stock                         |       | (8,510,202)        | (19,191,285)       |
| Purchase of other fixed assets                                        |       | (112,022)          | (159,038)          |
| HAG and other capital grants received                                 |       | 462,328            | 3,020,431          |
| Proceeds from sale of tangible fixed assets and investment properties |       | 400,000            | -                  |
| Movement of cash (to)/from investments                                | 17b   | (515,000)          | 13,112,641         |
| Interest received                                                     |       | 222,831            | 352,221            |
| Improvement to investment properties                                  |       | (127,140)          | (71,692)           |
| Transfer of deferred Government grants to other RSL                   |       | -                  | (180,042)          |
|                                                                       |       | <b>(8,179,205)</b> | <b>(3,116,764)</b> |
| <b>Taxation paid</b>                                                  |       | <b>-</b>           | <b>-</b>           |
| <b>Cash flow from financing activities</b>                            |       |                    |                    |
| Interest paid                                                         |       | (3,262,131)        | (3,251,962)        |
| Housing loans repaid                                                  |       | (1,285,015)        | (1,253,779)        |
| Other loans repaid                                                    |       | (21,489)           | (21,490)           |
| Housing loans received                                                |       | 4,400,000          | -                  |
| Arrangement fee                                                       |       | 34,269             | -                  |
| Issue of share capital                                                |       | -                  | 3                  |
|                                                                       |       | <b>(134,366)</b>   | <b>(4,527,228)</b> |
| <b>Net change in cash and cash equivalents</b>                        |       | <b>596,976</b>     | <b>(2,619,898)</b> |
| Cash and cash equivalents at beginning of year                        | 17a   | <b>3,405,542</b>   | <b>6,025,440</b>   |
| Cash and cash equivalents at end of the year                          | 17a   | <b>4,002,518</b>   | <b>3,405,542</b>   |

**CAIRN HOUSING ASSOCIATION LIMITED**

**GROUP STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2025**

**(i) Analysis of changes in net debt**

|                                  | At 1 April<br>2024<br>£ | Cash flows<br>£    | Other non-<br>cash<br>changes<br>£ | At 31 March<br>2025<br>£ |
|----------------------------------|-------------------------|--------------------|------------------------------------|--------------------------|
| <b>Cash and cash equivalents</b> |                         |                    |                                    |                          |
| Cash                             | 3,405,542               | 596,976            | -                                  | 4,002,518                |
| Overdrafts                       | -                       | -                  | -                                  | -                        |
|                                  | <u>3,405,542</u>        | <u>596,976</u>     | <u>-</u>                           | <u>4,002,518</u>         |
| <b>Current asset investments</b> | 3,000,000               | 515,000            | -                                  | 3,515,000                |
| <b>Borrowings</b>                |                         |                    |                                    |                          |
| Debt due within one year         | (1,336,504)             | 1,306,504          | (1,336,464)                        | (1,366,464)              |
| Debt due after one year          | (94,524,932)            | (4,400,000)        | 1,302,195                          | (97,622,737)             |
|                                  | <u>(95,861,436)</u>     | <u>(3,093,496)</u> | <u>(34,269)</u>                    | <u>(98,989,201)</u>      |
| <b>Total</b>                     | <u>(89,455,894)</u>     | <u>(1,981,520)</u> | <u>(34,269)</u>                    | <u>(91,471,683)</u>      |

The notes form part of these financial statements.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

|                                                                       | Notes | 2025<br>£               | 2024<br>£               |
|-----------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>Net cash generated from operating activities</b>                   | 27    | <b>7,822,335</b>        | <b>3,795,889</b>        |
| <b>Cash flow from investing activities</b>                            |       |                         |                         |
| Payments to acquire and improve housing stock                         |       | (8,278,610)             | (18,828,622)            |
| Purchase of other fixed assets                                        |       | (112,022)               | (159,038)               |
| HAG and other capital grants received                                 |       | 462,328                 | 3,020,431               |
| Proceeds from sale of tangible fixed assets and investment properties |       | 400,000                 | -                       |
| Movement of cash balance (to)/from investments                        | 17b   | (515,000)               | 13,112,641              |
| Interest received                                                     |       | 258,334                 | 411,998                 |
| Improvement to investment properties                                  |       | (127,140)               | (71,692)                |
| Transfer of deferred Government grants to other RSL                   |       | -                       | (180,042)               |
| Disposal of investment in subsidiary                                  |       | 1                       | -                       |
|                                                                       |       | <u>(7,912,109)</u>      | <u>(2,694,324)</u>      |
| <b>Taxation paid</b>                                                  |       | <b>-</b>                | <b>-</b>                |
| <b>Cash flow from financing activities</b>                            |       |                         |                         |
| Interest paid                                                         |       | (2,995,462)             | (2,949,802)             |
| Housing loans repaid                                                  |       | (748,723)               | (748,723)               |
| Housing loans received                                                |       | 4,400,000               | -                       |
| Arrangement fee                                                       |       | 34,269                  | -                       |
| Repayment of other loans                                              |       | (21,489)                | (21,490)                |
| Issue of share capital                                                |       | -                       | 3                       |
|                                                                       |       | <u>668,595</u>          | <u>(3,720,012)</u>      |
| <b>Net change in cash and cash equivalents</b>                        |       | <b>578,821</b>          | <b>(2,618,447)</b>      |
| Cash and cash equivalents at beginning of year                        | 17a   | <u>1,910,533</u>        | <u>4,528,980</u>        |
| Cash and cash equivalents at end of the year                          | 17a   | <u><u>2,489,354</u></u> | <u><u>1,910,533</u></u> |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

**(i) Analysis of changes in net debt**

|                                  | At 1 April<br>2024<br>£ | Cash flows<br>£    | Other non-<br>cash changes<br>£ | At 31 March<br>2025<br>£ |
|----------------------------------|-------------------------|--------------------|---------------------------------|--------------------------|
| <b>Cash and cash equivalents</b> |                         |                    |                                 |                          |
| Cash                             | 1,910,533               | 578,821            | -                               | 2,489,354                |
| Overdrafts                       | -                       | -                  | -                               | -                        |
|                                  | <u>1,910,533</u>        | <u>578,821</u>     | <u>-</u>                        | <u>2,489,354</u>         |
| <b>Current asset investments</b> | 3,000,000               | 515,000            | -                               | 3,515,000                |
| <b>Borrowings</b>                |                         |                    |                                 |                          |
| Debt due within one year         | (800,944)               | 770,212            | (768,993)                       | (799,725)                |
| Debt due after one year          | (90,780,039)            | (4,400,000)        | 734,724                         | (94,445,315)             |
|                                  | <u>(91,580,983)</u>     | <u>(3,629,788)</u> | <u>(34,269)</u>                 | <u>(95,245,040)</u>      |
| <b>Total</b>                     | <u>(86,670,450)</u>     | <u>(2,535,967)</u> | <u>(34,269)</u>                 | <u>(89,240,686)</u>      |

The notes form part of these financial statements.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **1. General Information**

The financial statements have been prepared in accordance with 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) and comply with the requirements of the Determination of Housing Requirements as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Group's and the Association's accounting policies (note 3).

The Association is defined as a public benefit entity and thus complies with all disclosure requirements relating to public benefit entities.

These financial statements represent the results of the Group and Association and are presented in £GBP.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HEP218) and a registered charity (SC016647). The registered address of the Group is Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH.

#### **2. Principal Accounting policies**

##### **(a) Basis of accounting and consolidation**

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards and statements of recommended practice. The effect of events relating to the year ended 31 March 2025, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2025 and of the results for the year ended on that date.

##### **(b) Going concern**

The financial statements have been prepared on a going concern basis by the Board of Management as group surpluses are expected in 2025/26 and 2026/27, maintaining a healthy cash position across the Group. This going concern review includes the Board's assessment of the current inflationary and cost of living pressures on the Group's and the Association's operations and financial performance in the 12 months following the signing of these financial statements. Thus, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

##### **(c) Turnover**

Turnover represents rental and service charge income, fees receivable and revenue grants receivable from local authorities and from the Scottish Government. Also included is any income from first tranche shared ownership disposals and management fees from the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

## **CAIRN HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

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#### **2. Principal Accounting policies (continued)**

##### **(d) Apportionment of management expenses**

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of the number of units (excluding garages) relevant to that area of the business.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year which they are incurred.

##### **(e) Interest receivable**

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

##### **(f) Interest payable**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **(g) Tangible fixed assets - housing properties**

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The development cost of housing properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure; and
- (iii) internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant. Expenditure on schemes is written off in the year unless it is recognised that the schemes will be developed to completion. Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

##### **(h) Shared ownership transactions**

First tranche proceeds arising from part-owners' purchase of equity in shared ownership schemes is regarded as sales of assets held for sale and is treated as turnover. The percentage of development costs representing the estimated first tranche percentages to be sold is shown as current assets until sold. Remaining costs are treated as fixed assets and sales taking place after the initial purchase are accounted for as disposals of fixed assets.

##### **(i) Government capital grants**

Government capital grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Group as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

## CAIRN HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

#### 2. Principal Accounting policies (continued)

##### (j) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Group recognises the grant in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate

##### (k) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable. A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

##### (l) Depreciation

###### Housing properties

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties held for letting on practical completion of construction.

Freehold land is not depreciated.

Housing properties held for letting are considered to comprise the following components which are depreciated over estimated economic lives as follows:

| Component                              | Useful Economic Life |
|----------------------------------------|----------------------|
| Structure                              | 60 years             |
| Kitchens                               | 20 years             |
| Bathrooms                              | 25 years             |
| Central heating systems (excl boilers) | 30 years             |
| Boilers                                | 25 years             |
| Lifts                                  | 25 years             |
| Roofs                                  | 60 years             |
| Windows and doors                      | 25 years             |
| Rewiring                               | 30 years             |
| LD2                                    | 25 years             |
| Fire doors                             | 25 years             |
| Fire stopping                          | 25 years             |
| Solar panels                           | 25 years             |

In the year of replacement, the Net Book Value of the component being replaced is written off and is included in the depreciation charge for the year in accordance with the RSL SORP.

###### Shared ownership housing properties

Depreciated over 60 years.

## CAIRN HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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#### 2. Principal Accounting policies (continued)

##### Other fixed assets

Depreciation is provided on other fixed assets at rates calculated to write off cost evenly over expected useful lives as follows:

|                                |               |
|--------------------------------|---------------|
| Heritable office properties    | Over 60 years |
| Office furniture and equipment | 4 to 10 years |

#### (m) Pensions (Note 23)

##### **Scottish Housing Associations' Pension Scheme (SHAPS)**

Up until 1 April 2014, Cairn HA participated in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees 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 Associations taken as a whole.

On 1 April 2014 these employees were transferred to a Defined Contribution Scheme within the Scottish Housing Association Pension Scheme (SHAPS). All new staff members are eligible to participate in a defined contribution scheme provided by Standard Life.

The SHAPS defined benefit is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, with an accounting update prepared by the actuary to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Group has a legal or constructive obligation to settle the liability.

##### **Standard Life and AVIVA Auto Enrolment scheme**

The Association operates these two defined contribution schemes. Employer contributions are charged to the Statement of Comprehensive Income on an accruals basis.

#### (o) Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

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**2. Principal Accounting policies (continued)**

**(p) Investment properties**

Investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

**(q) Investments**

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

**(r) Debtors**

Short term debtors are measured at transaction price, less any impairment.

**(s) Rental arrears**

Rental arrears represent amounts due by tenants for rental of affordable housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 17.

**(t) Stock**

Stock held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

**(u) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**(v) Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**(w) Provisions**

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period in which it arises.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

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**2. Principal Accounting policies (continued)**

**(x) Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks and financial institutions.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal Group terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation, or expiry.

**3. Judgements in applying policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board of Management consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

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**3. Judgements in applying policies and key sources of estimation uncertainty (continued)**

The Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

| <u>Estimate</u>                                                  | <u>Basis of estimation</u>                                                                                                                                                                                                                                    |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation of housing properties                                  | Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.                                                                                                                  |
| Useful lives of property, plant and equipment                    | The useful lives of property, plant and equipment are based on the knowledge of senior management at the Group, with reference to expected asset life cycles.                                                                                                 |
| The main components of housing properties and their useful lives | The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and are based on costing models.                                                             |
| Recoverable amount of rental and other trade receivables         | Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account. |
| The obligations under the SHAPs defined benefit pension scheme   | This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.                                                                                                                   |
| The valuation of investment properties                           | The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.                                                                                                                                      |
| The valuation of the riverbank provision (ANCHO)                 | The provision is the expected costs of repairing the riverbank based on an estimate provided by an independent 3rd party civil engineering firm.                                                                                                              |

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

| 4. Particulars of turnover, operating expenditure and operating surplus | 2025              |                       |                                     |                   |                       | 2024                  |                                     |                       |                   |                       |
|-------------------------------------------------------------------------|-------------------|-----------------------|-------------------------------------|-------------------|-----------------------|-----------------------|-------------------------------------|-----------------------|-------------------|-----------------------|
|                                                                         | Turnover          | Operating Expenditure | Operating Expenditure - Exceptional | Operating Surplus | Turnover              | Operating Expenditure | Operating Expenditure - Exceptional | Operating Surplus     | Turnover          | Operating Expenditure |
| Group                                                                   | £                 | £                     | £                                   | £                 | £                     | £                     | £                                   | £                     | £                 | £                     |
| Affordable lettings (note 5a)                                           | 27,595,283        | (24,332,265)          | -                                   | 3,263,018         | 25,362,661            | 22,568,792            | 1,000,000                           | 1,793,869             |                   |                       |
| Other activities (note 6a)                                              | 1,724,670         | (2,315,281)           | -                                   | (590,611)         | 1,905,832             | 1,511,817             | -                                   | 394,015               |                   |                       |
| Pentland Community Enterprises Limited*                                 | 378,644           | (187,245)             | -                                   | 191,399           | 392,290               | 279,499               | -                                   | 112,791               |                   |                       |
|                                                                         | <u>29,698,597</u> | <u>(26,834,791)</u>   | <u>-</u>                            | <u>2,863,806</u>  | <u>27,660,783</u>     | <u>24,360,108</u>     | <u>1,000,000</u>                    | <u>2,300,675</u>      |                   |                       |
| Association                                                             | Turnover          | Operating Expenditure | Operating Surplus                   | Turnover          | Operating Expenditure | Operating Surplus     | Turnover                            | Operating Expenditure | Operating Surplus | Turnover              |
| Affordable lettings (note 5b)                                           | 24,172,935        | (22,093,014)          | 2,079,921                           | 22,114,369        | 19,655,860            | 2,458,509             |                                     |                       |                   |                       |
| Other activities (note 6b)                                              | 2,839,863         | (2,510,323)           | 329,540                             | 2,901,871         | 2,343,360             | 558,511               |                                     |                       |                   |                       |
|                                                                         | <u>27,012,798</u> | <u>(24,603,337)</u>   | <u>2,409,461</u>                    | <u>25,016,240</u> | <u>21,999,220</u>     | <u>3,017,020</u>      |                                     |                       |                   |                       |

\*this is after removal of intergroup charges for consolidation purposes

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

| 5a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities | General Needs Housing £ | Amenity Housing £ | Sheltered Housing £ | Supported Housing £ | Shared Ownership £ | 2025 £            | 2024 £            |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|---------------------|---------------------|--------------------|-------------------|-------------------|
| <b>Group</b>                                                                                                             |                         |                   |                     |                     |                    |                   |                   |
| Rent receivable net of service charges                                                                                   | 20,647,325              | 1,803,050         | 2,125,888           | 25,997              | 92,477             | 24,694,737        | 22,577,270        |
| Service charges net of voids                                                                                             | 524,141                 | 695,778           | 1,204,461           | 3,911               | 5,718              | 2,434,009         | 2,190,240         |
| <b>Gross income from rents and service charges</b>                                                                       | <b>21,171,466</b>       | <b>2,498,828</b>  | <b>3,330,349</b>    | <b>29,908</b>       | <b>98,195</b>      | <b>27,128,746</b> | <b>24,767,510</b> |
| Less: Rental voids                                                                                                       | (196,807)               | (18,591)          | (26,088)            | 822                 | (1,393)            | (242,057)         | (292,875)         |
| <b>Net income from rents and service charges</b>                                                                         | <b>20,974,659</b>       | <b>2,480,237</b>  | <b>3,304,261</b>    | <b>30,730</b>       | <b>96,802</b>      | <b>26,886,689</b> | <b>24,474,635</b> |
| Release of deferred capital government grant                                                                             | 694,078                 | -                 | -                   | -                   | -                  | 694,078           | 580,240           |
| Grants from the Scottish Ministers                                                                                       | 10,343                  | 1,715             | 2,309               | 20                  | 129                | 14,516            | 241,882           |
| Other revenue grants                                                                                                     | -                       | -                 | -                   | -                   | -                  | -                 | 65,904            |
| <b>Total turnover from affordable letting activities</b>                                                                 | <b>21,679,080</b>       | <b>2,481,952</b>  | <b>3,306,570</b>    | <b>30,750</b>       | <b>96,931</b>      | <b>27,595,283</b> | <b>25,362,661</b> |
| Management and maintenance administration costs                                                                          | 6,192,236               | 963,382           | 1,296,944           | 10,972              | 72,418             | 8,535,952         | 8,332,047         |
| Service costs                                                                                                            | 568,435                 | 826,153           | 1,356,886           | 1,909               | 1,096              | 2,754,479         | 2,449,854         |
| Planned and cyclical maintenance                                                                                         | 1,569,957               | 173,170           | 233,128             | 1,972               | 13,017             | 1,991,244         | 1,148,033         |
| Responsive maintenance costs                                                                                             | 4,739,675               | 552,118           | 743,285             | 6,288               | 41,503             | 6,082,869         | 5,752,713         |
| Bad debt provision                                                                                                       | 12,674                  | (599)             | (807)               | 189                 | -                  | 11,457            | 61,557            |
| Write offs                                                                                                               | 130,550                 | 17,231            | 23,197              | 196                 | -                  | 171,174           | 157,403           |
| Impairment                                                                                                               | -                       | -                 | -                   | -                   | -                  | -                 | -                 |
| Depreciation of affordable housing                                                                                       | 3,729,267               | 442,008           | 595,049             | 5,034               | 13,732             | 4,785,090         | 4,667,185         |
| Exceptional expenditure – Riverside Works (ANCHO) (note 25)                                                              | -                       | -                 | -                   | -                   | -                  | -                 | 1,000,000         |
| <b>Operating expenditure for affordable letting activities</b>                                                           | <b>16,942,794</b>       | <b>2,973,463</b>  | <b>4,247,682</b>    | <b>26,560</b>       | <b>141,766</b>     | <b>24,332,265</b> | <b>23,568,792</b> |
| <b>Operating surplus/(deficit) for affordable lettings 2025</b>                                                          | <b>4,736,286</b>        | <b>(491,511)</b>  | <b>(941,112)</b>    | <b>4,190</b>        | <b>(44,835)</b>    | <b>3,263,018</b>  |                   |
| <b>Operating surplus/(deficit) for affordable lettings – 2024</b>                                                        | <b>2,569,470</b>        | <b>(345,787)</b>  | <b>(448,839)</b>    | <b>65,945</b>       | <b>(46,920)</b>    |                   | <b>1,793,869</b>  |
| <b>Number of units in management:</b>                                                                                    |                         |                   |                     |                     |                    |                   |                   |
| <b>2025</b>                                                                                                              | <b>3,800</b>            | <b>439</b>        | <b>591</b>          | <b>5</b>            | <b>33</b>          | <b>4,868</b>      |                   |
| <b>2024</b>                                                                                                              | <b>3,693</b>            | <b>441</b>        | <b>590</b>          | <b>5</b>            | <b>34</b>          |                   | <b>4,763</b>      |

Included in depreciation of affordable housing is £224,820 (2024: £247,564) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

| 5b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from affordable letting activities | General Needs Housing £ | Amenity Housing £ | Sheltered Housing £ | Supported Housing £ | Shared Ownership £ | 2025 £            | 2024 £            |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------|---------------------|---------------------|--------------------|-------------------|-------------------|
| <b>Association</b>                                                                                                       |                         |                   |                     |                     |                    |                   |                   |
| Rent receivable net of service charges                                                                                   | 17,215,375              | 1,803,050         | 2,125,888           | 25,997              | 92,477             | 21,262,787        | 19,318,868        |
| Service charges net of voids                                                                                             | 524,141                 | 695,778           | 1,204,461           | 3,911               | 5,718              | 2,434,009         | 2,190,240         |
| <b>Gross income from rents and service charges</b>                                                                       | <b>17,739,516</b>       | <b>2,498,828</b>  | <b>3,330,349</b>    | <b>29,908</b>       | <b>98,195</b>      | <b>23,696,796</b> | <b>21,509,108</b> |
| Less: Rental voids                                                                                                       | (186,673)               | (18,591)          | (26,088)            | 822                 | (1,393)            | (231,923)         | (282,233)         |
| <b>Net income from rents and service charges</b>                                                                         | <b>17,552,843</b>       | <b>2,480,237</b>  | <b>3,304,261</b>    | <b>30,730</b>       | <b>96,802</b>      | <b>23,464,873</b> | <b>21,226,875</b> |
| Release of deferred capital government grant                                                                             | 693,546                 | -                 | -                   | -                   | -                  | 693,546           | 579,708           |
| Grants from the Scottish Ministers                                                                                       | 10,343                  | 1,715             | 2,309               | 20                  | 129                | 14,516            | 241,882           |
| Other revenue grants                                                                                                     | -                       | -                 | -                   | -                   | -                  | -                 | 65,904            |
| <b>Total turnover from affordable letting activities</b>                                                                 | <b>18,256,732</b>       | <b>2,481,952</b>  | <b>3,306,570</b>    | <b>30,750</b>       | <b>96,931</b>      | <b>24,172,935</b> | <b>22,114,369</b> |
| <b>Management and maintenance administration costs</b>                                                                   |                         |                   |                     |                     |                    |                   |                   |
| Service costs                                                                                                            | 5,722,099               | 963,382           | 1,296,944           | 10,972              | 72,418             | 8,055,815         | 7,040,897         |
| Planned and cyclical maintenance                                                                                         | 553,847                 | 826,153           | 1,356,886           | 1,909               | 1,096              | 2,739,891         | 2,449,854         |
| Responsive maintenance costs                                                                                             | 1,234,277               | 173,170           | 233,128             | 1,972               | 13,017             | 1,655,564         | 807,397           |
| Bad debt provision                                                                                                       | 3,935,259               | 552,118           | 743,285             | 6,288               | 41,503             | 5,278,453         | 5,085,264         |
| Write offs                                                                                                               | (4,735)                 | (599)             | (807)               | 189                 | -                  | (5,952)           | 61,557            |
| Impairment                                                                                                               | 130,550                 | 17,231            | 23,197              | 196                 | -                  | 171,174           | 137,587           |
| Depreciation of affordable housing                                                                                       | -                       | -                 | -                   | -                   | -                  | -                 | -                 |
| <b>Operating expenditure for affordable letting activities</b>                                                           | <b>3,132,246</b>        | <b>442,008</b>    | <b>595,049</b>      | <b>5,034</b>        | <b>13,732</b>      | <b>4,188,069</b>  | <b>4,073,304</b>  |
| <b>Operating expenditure for affordable letting activities</b>                                                           | <b>14,703,543</b>       | <b>2,973,463</b>  | <b>4,247,682</b>    | <b>26,560</b>       | <b>141,766</b>     | <b>22,093,014</b> | <b>19,655,860</b> |
| <b>Operating surplus/(deficit) for affordable lettings 2025</b>                                                          | <b>3,553,189</b>        | <b>(491,511)</b>  | <b>(941,112)</b>    | <b>4,190</b>        | <b>(44,835)</b>    | <b>2,079,921</b>  |                   |
| <i>Operating surplus/(deficit) for affordable lettings – 2024</i>                                                        | <i>3,234,110</i>        | <i>(345,787)</i>  | <i>(448,839)</i>    | <i>65,945</i>       | <i>(46,920)</i>    |                   | <i>2,458,509</i>  |
| <b>Number of units in management:</b>                                                                                    |                         |                   |                     |                     |                    |                   |                   |
| 2025                                                                                                                     | 3,129                   | 439               | 591                 | 5                   | 33                 | 4,197             |                   |
| 2024                                                                                                                     | 3,021                   | 441               | 590                 | 5                   | 34                 |                   | 4,091             |

Included in depreciation of social housing is £196,167 (2024: £206,232) relating to the loss on disposal of components.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

6a. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

| Group                                                     | Grants from<br>Scottish<br>Ministers<br>£ | Other<br>Revenue<br>Grants<br>£ | Supporting<br>People<br>Income<br>£ | Other<br>Income<br>£ | Total<br>turnover<br>£ | Operating<br>Expenditure -<br>bad debts<br>£ | Other<br>operating<br>expenditure<br>£ | Operating<br>surplus or<br>(deficit)<br>2025<br>£ | Operating<br>surplus or<br>(deficit)<br>2024<br>£ |
|-----------------------------------------------------------|-------------------------------------------|---------------------------------|-------------------------------------|----------------------|------------------------|----------------------------------------------|----------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Care and repair of<br>property                            | 575,255                                   | -                               | -                                   | 97,359               | 672,614                | -                                            | 621,197                                | 51,417                                            | 94,588                                            |
| Wider role                                                | 87,220                                    | -                               | -                                   | -                    | 87,220                 | -                                            | 42,382                                 | 44,838                                            | 69,648                                            |
| Commercial rent from<br>investment properties             | -                                         | -                               | -                                   | 803,992              | 803,992                | -                                            | 418,405                                | 385,587                                           | 318,671                                           |
| Development and<br>construction of property<br>activities | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| Support activities                                        | -                                         | -                               | 3,767                               | 18,731               | 22,498                 | -                                            | 28,518                                 | (6,020)                                           | 245                                               |
| Care activities                                           | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | 21,177                                            |
| Factoring activities                                      | -                                         | -                               | -                                   | 68,527               | 68,527                 | -                                            | 20,106                                 | 48,421                                            | -                                                 |
| Service charge admin<br>recharge                          | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| Third party recharge                                      | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| costs                                                     | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| NSSE sales                                                | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| Other activities                                          | -                                         | -                               | -                                   | 69,819               | 69,819                 | -                                            | 1,184,673                              | (1,114,854)                                       | (110,314)                                         |
| <b>Total from other<br/>activities 2025</b>               | <b>662,475</b>                            | <b>-</b>                        | <b>3,767</b>                        | <b>1,058,428</b>     | <b>1,724,670</b>       | <b>-</b>                                     | <b>2,315,281</b>                       | <b>(590,611)</b>                                  |                                                   |
| <i>Total from other activities<br/>2024</i>               | <i>685,320</i>                            | <i>-</i>                        | <i>3,768</i>                        | <i>1,216,744</i>     | <i>1,905,832</i>       | <i>-</i>                                     | <i>1,511,817</i>                       |                                                   | <i>394,015</i>                                    |

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements do not apply.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

6b. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

| Association                                               | Grants from<br>Scottish<br>Ministers<br>£ | Other<br>Revenue<br>Grants<br>£ | Supporting<br>People<br>Income<br>£ | Other<br>Income<br>£ | Total<br>turnover<br>£ | Operating<br>Expenditure -<br>bad debts<br>£ | Other<br>operating<br>expenditure<br>£ | Operating<br>surplus or<br>(deficit)<br>2025<br>£ | Operating<br>surplus or<br>(deficit)<br>2024<br>£ |
|-----------------------------------------------------------|-------------------------------------------|---------------------------------|-------------------------------------|----------------------|------------------------|----------------------------------------------|----------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Care and repair of<br>property                            | 575,255                                   | -                               | -                                   | 97,359               | 672,614                | -                                            | 621,197                                | 51,417                                            | 94,588                                            |
| Commercial rent from<br>investment properties             | -                                         | -                               | -                                   | 1,011,904            | 1,011,904              | -                                            | 689,704                                | 322,200                                           | 360,411                                           |
| Development and<br>construction of property<br>activities | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| Support activities                                        | -                                         | -                               | 3,767                               | -                    | 3,767                  | -                                            | -                                      | 3,767                                             | 3,768                                             |
| Care activities                                           | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| Factoring activities                                      | -                                         | -                               | -                                   | 31,642               | 31,642                 | -                                            | 14,749                                 | 16,893                                            | 41,587                                            |
| Service charge admin<br>recharge                          | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| Third party recharge<br>costs                             | -                                         | -                               | -                                   | -                    | -                      | -                                            | -                                      | -                                                 | -                                                 |
| NSSE sales                                                | -                                         | -                               | -                                   | 2,399                | 2,399                  | -                                            | -                                      | 2,399                                             | -                                                 |
| Other activities                                          | -                                         | -                               | -                                   | 1,117,537            | 1,117,537              | -                                            | 1,184,673                              | (67,136)                                          | 58,157                                            |
| <b>Total from other<br/>activities 2025</b>               | <b>575,255</b>                            | <b>-</b>                        | <b>3,767</b>                        | <b>2,260,841</b>     | <b>2,839,863</b>       | <b>-</b>                                     | <b>2,510,323</b>                       | <b>329,540</b>                                    |                                                   |
| <b>Total from other activities<br/>2024</b>               | <b>575,254</b>                            | <b>-</b>                        | <b>3,768</b>                        | <b>2,322,849</b>     | <b>2,901,871</b>       | <b>-</b>                                     | <b>2,343,360</b>                       |                                                   | <b>558,511</b>                                    |

The other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements do not apply.

Included in other activities is a donation for £600 (2024: £323), recharged payroll costs of £806,325 (2024: £885,707), recharged IT costs of £126,000 (2024: £61,716), other recharges £570 (2024: nil) to ANCHO Limited, recharges to Pentland Community Enterprises Limited of £128,841 (2024: £195,129), revenue grants and other income £55,201 (2024: £nil).

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

| <b>7a. Employees – Group</b>                             | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|----------------------------------------------------------|-------------------|-------------------|
| Staff costs during year:                                 |                   |                   |
| Wages and salaries                                       | 7,223,263         | 6,452,021         |
| Social security costs                                    | 721,102           | 646,061           |
| Pension costs                                            | 1,041,830         | 944,236           |
| Defined benefit pension charge – SHAPs (Note 23) Pension |                   |                   |
| Admin cost                                               | 26,321            | 25,402            |
| Death in service                                         | 98,777            | 95,833            |
| Accrued holiday pay                                      | 71,532            | 132,293           |
| Agency costs                                             | 72,299            | 47,964            |
| Redundancy and compensation payments (including NI)      | -                 | 30,159            |
| Staff recruitment costs                                  | 30,796            | 103,460           |
|                                                          | <u>9,285,920</u>  | <u>8,477,429</u>  |

During the year SHAPS past service deficit contributions of £nil (2024: £nil) were paid net of £26k (2024: £25K) of administration expenses.

|                                                                                                                                              | <b>2025<br/>Ave<br/>No.</b> | <b>2025<br/>FTE<br/>No.</b> | <b>2024<br/>Ave<br/>No.</b> | <b>2024<br/>FTE<br/>No.</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was |                             |                             |                             |                             |
| Office staff                                                                                                                                 | 154                         | 143                         | 151                         | 137                         |
| HomeWorks staff                                                                                                                              | 13                          | 13                          | 13                          | 13                          |
| Housing managers and other staff                                                                                                             | 44                          | 22                          | 45                          | 20                          |
|                                                                                                                                              | <u>211</u>                  | <u>178</u>                  | <u>209</u>                  | <u>170</u>                  |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

| <b>7b. Employees –Association</b>                        | <b>2025</b>      | <b>2024</b>      |
|----------------------------------------------------------|------------------|------------------|
|                                                          | <b>£</b>         | <b>£</b>         |
| Staff costs during year:                                 |                  |                  |
| Wages and salaries                                       | <b>7,195,869</b> | 6,391,758        |
| Social security costs                                    | <b>718,577</b>   | 640,299          |
| Pension costs                                            | <b>1,036,584</b> | 937,055          |
| Defined benefit pension charge – SHAPs (Note 23) Pension |                  |                  |
| Admin cost                                               | <b>26,321</b>    | 25,402           |
| Death in service                                         | <b>93,355</b>    | 99,440           |
| Accrued holiday pay                                      | <b>70,538</b>    | 134,345          |
| Agency costs                                             | <b>72,299</b>    | 47,964           |
| Redundancy and compensation payments (including NI)      | <b>-</b>         | 30,159           |
| Staff recruitment costs                                  | <b>30,796</b>    | 103,460          |
|                                                          | <b>9,244,339</b> | <b>8,409,882</b> |

During the year SHAPS past service deficit contributions of £nil (2024: £nil) were paid net of £26K (2024: £25K) of administration expenses.

|                                                                                                                                              | <b>2025</b> | <b>2025</b> | <b>2024</b> | <b>2024</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                                                                                              | <b>Ave</b>  | <b>FTE</b>  | <b>Ave</b>  | <b>FTE</b>  |
|                                                                                                                                              | <b>No.</b>  | <b>No.</b>  | <b>No.</b>  | <b>No.</b>  |
| Average weekly number and the full time equivalent (FTE) employees of the Association including staff on an agency basis during the year was |             |             |             |             |
| Office staff                                                                                                                                 | <b>154</b>  | <b>143</b>  | 151         | 137         |
| HomeWorks staff                                                                                                                              | <b>13</b>   | <b>13</b>   | 12          | 12          |
| Housing managers and other staff                                                                                                             | <b>43</b>   | <b>21</b>   | 44          | 19          |
|                                                                                                                                              | <b>210</b>  | <b>177</b>  | <b>207</b>  | <b>168</b>  |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**

**8. Directors' emoluments – Group & Association**

The directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive or the Board of Management. The Association considers key management personnel to be the Board of Management and the senior management team of the Group only.

|                                                                                                                                         | 2025<br>£      | 2024<br>£      |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Aggregate emoluments payable to all the officers earning > £60k) (excluding pension contributions and redundancy payments) amounted to: | <u>954,352</u> | <u>706,879</u> |

Total pension payments to officers earning > £60k was £90,878 (2024: £126,550). This does not take into account any past service deficit payments.

Total emoluments paid to key management personnel including Eer NI was £648,257 (2024: £592,600).

|                                                                                                |                |                |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| Total emoluments payable to the Chief executive (excluding pension contributions) amounted to: | <u>133,379</u> | <u>107,579</u> |
|------------------------------------------------------------------------------------------------|----------------|----------------|

The former Chief Executive was an ordinary member of the Group's pension scheme described in Note 23. The Association's contributions for the former Chief Executive in the year amounted to £nil (2024: £26,278).

The numbers of officers including the highest paid Officer who received emoluments (excluding pension contributions and including redundancy costs) in the following ranges were:

|                     | Number | Number |
|---------------------|--------|--------|
| £60,001 - £70,000   | 3      | 2      |
| £70,001 - £80,000   | 3      | 4      |
| £90,001 - £100,000  | 2      | 2      |
| £100,001 - £110,000 | 2      | 1      |
| £130,001 - £140,000 | 1      | -      |

|                                                                                                        | 2025<br>£     | 2024<br>£    |
|--------------------------------------------------------------------------------------------------------|---------------|--------------|
| Aggregate emoluments payable to the Chairperson & Vice Chairperson amounted to:                        | <u>9,543</u>  | <u>8,398</u> |
|                                                                                                        | £             | £            |
| Total Board of Management expenses reimbursed in so far as not chargeable to United Kingdom Income Tax | <u>16,353</u> | <u>4,430</u> |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

| <b>9. Operating surplus</b>                              | <b>2025</b>    | <b>2024</b> |
|----------------------------------------------------------|----------------|-------------|
|                                                          | <b>£</b>       | <b>£</b>    |
| Operating surplus is stated after charging:              |                |             |
| <b>Group</b>                                             |                |             |
| Depreciation:                                            |                |             |
| - charge                                                 | 4,560,270      | 4,702,996   |
| - loss on disposal of components                         | 224,820        | 247,564     |
| - other fixed assets                                     | 258,805        | 291,273     |
| Auditor's remuneration (exc vat):                        |                |             |
| - External audit services                                | 52,350         | 49,750      |
| - non-audit services                                     | 7,700          | 7,250       |
| - internal audit services                                | 27,030         | 20,600      |
| Operating lease rentals                                  | 409,120        | 454,147     |
| <b>Association</b>                                       |                |             |
| Depreciation:                                            |                |             |
| - charge                                                 | 3,991,902      | 4,143,685   |
| - loss on disposal of components                         | 196,167        | 206,232     |
| - other fixed assets                                     | 256,897        | 284,961     |
| Auditor's remuneration (exc vat):                        |                |             |
| - External audit services                                | 28,600         | 27,250      |
| - non-audit services                                     | 6,100          | 5,750       |
| - internal audit services                                | 27,030         | 20,600      |
| Operating lease rentals                                  | 389,490        | 434,517     |
| <b>10. Gain on sale on property, plant and equipment</b> | <b>2025</b>    | <b>2024</b> |
|                                                          | <b>£</b>       | <b>£</b>    |
| <b>Group</b>                                             |                |             |
| Gain on general needs housing                            | 8,255          | -           |
| Gain on shared ownership tranches                        | -              | -           |
| Gain on Retirement Court sales                           | -              | -           |
| Gain on Investment Property                              | 143,812        | -           |
| Gain on other fixed assets                               | -              | -           |
|                                                          | <u>152,067</u> | <u>-</u>    |
| <b>Association</b>                                       |                |             |
| Gain on general needs housing                            | -              | -           |
| Gain on shared ownership tranches                        | -              | -           |
| Gain on Retirement Court sales                           | -              | -           |
| Gain on Investment Property                              | 131,748        | -           |
| Gain on other fixed assets                               | -              | -           |
|                                                          | <u>131,748</u> | <u>-</u>    |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

| <b>11. Interest receivable</b>                  | <b>2025</b>      | <b>2024</b>      |
|-------------------------------------------------|------------------|------------------|
| <b>Group</b>                                    | <b>£</b>         | <b>£</b>         |
| Interest receivable on bank deposits            | 222,831          | 352,221          |
|                                                 | <u>222,831</u>   | <u>352,221</u>   |
|                                                 |                  |                  |
| <b>Association</b>                              | <b>2025</b>      | <b>2024</b>      |
|                                                 | <b>£</b>         | <b>£</b>         |
| Interest on group loans to ANCHO                | 51,100           | 51,240           |
| Interest on group loans to PCE                  | -                | 26,980           |
| Interest receivable on bank deposits            | 207,234          | 333,778          |
|                                                 | <u>258,334</u>   | <u>411,998</u>   |
|                                                 |                  |                  |
| <b>12. Interest payable and similar charges</b> | <b>2025</b>      | <b>2024</b>      |
| <b>Group</b>                                    | <b>£</b>         | <b>£</b>         |
| On bank loans                                   | 3,262,023        | 3,247,588        |
| SHAPS – finance cost (note 23)                  | 102,000          | 42,000           |
| Other                                           | 108              | -                |
|                                                 | <u>3,364,131</u> | <u>3,289,588</u> |
|                                                 |                  |                  |
| <b>Association</b>                              | <b>2025</b>      | <b>2024</b>      |
|                                                 | <b>£</b>         | <b>£</b>         |
| On bank loans                                   | 2,995,354        | 2,945,428        |
| SHAPS – finance cost (note 23)                  | 102,000          | 42,000           |
| Other                                           | 108              | -                |
|                                                 | <u>3,097,462</u> | <u>2,987,428</u> |

**13. Taxation**

**Group & Association**

The Association is a Scottish Charity and no liability to corporation tax arises on its charitable activities in the current or prior year.

Pentland Community Enterprise Limited made a loss in 2023 and 2024 so no corporation tax is payable.

ANCHO Limited is a Scottish Charity and no liability to corporation tax arises on its charitable activities in the current or prior year.

|                                         | <b>2025</b> | <b>2024</b> |
|-----------------------------------------|-------------|-------------|
|                                         | <b>£</b>    | <b>£</b>    |
| Corporation Tax due on other activities | -           | -           |
|                                         | <u>-</u>    | <u>-</u>    |

CAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

| 14a. Tangible fixed assets and investments |                                     |                                   |                                                  |                          |  |
|--------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------------------------|--------------------------|--|
|                                            | Housing Properties held for letting | Shared Ownership held for Letting | Housing Properties in the course of construction | Housing Properties Total |  |
| (a) Housing properties Group               | £                                   | £                                 | £                                                | £                        |  |
| <b>Cost or valuation</b>                   |                                     |                                   |                                                  |                          |  |
| At the start of the year                   | 213,796,878                         | 801,956                           | 18,718,888                                       | 233,317,722              |  |
| Additions during year                      |                                     |                                   |                                                  |                          |  |
| - properties                               | 51,103                              | -                                 | -                                                | 51,103                   |  |
| - new developments                         | -                                   | -                                 | 2,818,273                                        | 2,818,273                |  |
| - improvements to existing properties      | 5,640,826                           | -                                 | -                                                | 5,640,826                |  |
| Transfer                                   | 19,052,392                          | -                                 | (19,052,392)                                     | -                        |  |
| Disposals during year                      | (25,411)                            | (17,302)                          | -                                                | (42,713)                 |  |
| - properties                               | (355,074)                           | -                                 | -                                                | (355,074)                |  |
| - replaced components                      |                                     |                                   |                                                  |                          |  |
| At the end of the year                     | 238,160,714                         | 784,654                           | 2,484,769                                        | 241,430,137              |  |
| <b>Depreciation</b>                        |                                     |                                   |                                                  |                          |  |
| At the start of the year                   | 27,674,157                          | 128,882                           | -                                                | 27,803,039               |  |
| Charge for year                            | 4,546,988                           | 13,282                            | -                                                | 4,560,270                |  |
| Transfer                                   | -                                   | -                                 | -                                                | -                        |  |
| Disposals during year                      | (4,949)                             | (3,127)                           | -                                                | (8,076)                  |  |
| - properties                               | (130,254)                           | -                                 | -                                                | (130,254)                |  |
| - replaced components                      |                                     |                                   |                                                  |                          |  |
| At the end of the year                     | 32,085,942                          | 139,037                           | -                                                | 32,224,979               |  |
| <b>Net book value</b>                      |                                     |                                   |                                                  |                          |  |
| At 31 March 2025                           | 206,074,772                         | 645,617                           | 2,484,769                                        | 209,205,158              |  |
| At 31 March 2024                           | 186,122,721                         | 673,074                           | 18,718,888                                       | 205,514,683              |  |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2025**

| 14b. Tangible fixed assets and investments |                                        |                                      |                                                        |                                     |  |
|--------------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------------------------|-------------------------------------|--|
|                                            | Housing Properties<br>held for letting | Shared Ownership<br>held for letting | Housing Properties<br>in the course of<br>construction | Housing<br>Properties<br>Total<br>£ |  |
| <b>(b) Housing properties Association</b>  |                                        |                                      |                                                        |                                     |  |
| <b>Cost or valuation</b>                   |                                        |                                      |                                                        |                                     |  |
| At the start of the year                   | 186,720,947                            | 801,956                              | 18,718,888                                             | 206,241,791                         |  |
| Additions during year                      |                                        |                                      |                                                        |                                     |  |
| - properties                               | 51,103                                 | -                                    | -                                                      | 51,103                              |  |
| - new developments                         | -                                      | -                                    | 2,818,273                                              | 2,818,273                           |  |
| - improvements to existing properties      | 5,409,234                              | -                                    | -                                                      | 5,409,234                           |  |
| Transfer                                   | 19,052,392                             | -                                    | (19,052,392)                                           | -                                   |  |
| Disposals during year                      |                                        |                                      |                                                        |                                     |  |
| - properties                               | (307,168)                              | (17,302)                             | -                                                      | (17,302)                            |  |
| - replaced components                      |                                        | -                                    | -                                                      | (307,168)                           |  |
| At the end of the year                     | 210,926,508                            | 784,654                              | 2,484,769                                              | 214,195,931                         |  |
| <b>Depreciation</b>                        |                                        |                                      |                                                        |                                     |  |
| At the start of the year                   | 22,624,940                             | 128,882                              | -                                                      | 22,753,822                          |  |
| Charge for year                            | 3,978,620                              | 13,282                               | -                                                      | 3,991,902                           |  |
| Disposals during year                      |                                        |                                      |                                                        |                                     |  |
| - properties                               | (111,001)                              | (3,127)                              | -                                                      | (3,127)                             |  |
| - replaced components                      |                                        | -                                    | -                                                      | (111,001)                           |  |
| At the end of the year                     | 26,492,559                             | 139,037                              | -                                                      | 26,631,596                          |  |
| <b>Net book value</b>                      |                                        |                                      |                                                        |                                     |  |
| At 31 March 2025                           | 184,433,949                            | 645,617                              | 2,484,769                                              | 187,564,335                         |  |
| At 31 March 2024                           | 164,096,007                            | 673,074                              | 18,718,888                                             | 183,487,969                         |  |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14 a/b. Tangible fixed assets and investments (cont'd)**

**Group**

Total cost of replacement components (capitalised maintenance) for the year amounted to £5,640,826 (2024: £4,504,227). The amount spent on maintenance of housing properties held for letting can be seen in note 5a.

Additions to Housing Properties during the year includes £nil capitalised interest (2024: £nil) and £nil capitalised administration costs (2024: £nil). All housing properties are freehold.

Included in freehold housing properties is land with a historic cost allocation of £29,796,015 (2024: £26,928,704).

The housing properties were revalued as at 1 April 2014 and 31 March 2022 (stock transferred from Pentland HA), (by Jones Lang LaSalle Limited) on an existing value basis and this value was used as the deemed cost from those dates in accordance with FRS 102.

**Association**

Total cost of replacement components (capitalised maintenance) for the year amounted to £5,409,234 (2024: £4,141,564). The amount spent on maintenance of housing properties held for letting can be seen in note 5b.

Additions to Housing Properties during the year includes £nil capitalised interest (2024: £nil) and £nil capitalised administration costs (2024: £nil). All housing properties are freehold.

Included in freehold housing properties is land with a historic cost allocation of £26,676,213 (2024: £23,923,047).

The housing properties were revalued as at 1 April 2014 and 31 March 2022 (stock transferred from Pentland HA), (by Jones Lang LaSalle Limited) on an existing value basis and this value was used as the deemed cost from those dates in accordance with FRS 102.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. Tangible fixed assets and investments (cont'd)**

| <b>14 (c) Investment properties<br/>Group</b> | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|-----------------------------------------------|-------------------|-------------------|
| At 1 April 2024                               | 9,857,682         | 9,794,337         |
| Component additions during year               | 127,140           | 71,692            |
| Component disposals during year               | (16,766)          | (8,347)           |
| Disposal on sale                              | (268,252)         | -                 |
| Gain on revaluation                           | 1,815,000         | -                 |
| At 31 March 2025                              | <u>11,514,804</u> | <u>9,857,682</u>  |

Investment properties are accommodation, offices and garages leased to 3<sup>rd</sup> parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6a. There are 585 (2024: 578) investment properties.

The investment properties were revalued in August 2025 (by Jones Lang LaSalle Limited) in accordance with FRS 102. This is considered the fair value at 31 March 2025.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £1,211,234 (2024: £1,070,852).

| <b>14 (d) Investment properties<br/>Association</b> | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|-----------------------------------------------------|-------------------|-------------------|
| At 1 April 2024                                     | 9,152,682         | 9,089,337         |
| Component additions during year                     | 127,140           | 71,692            |
| Component disposals during year                     | (16,766)          | (8,347)           |
| Disposal on sale                                    | (268,252)         | -                 |
| Gain on revaluation                                 | 1,740,000         | -                 |
| At 31 March 2025                                    | <u>10,734,804</u> | <u>9,152,682</u>  |

Investment properties are accommodation, offices and garages leased to 3<sup>rd</sup> parties. The turnover and operating expenditure in relation to these properties is disclosed in Note 6b. There are 164 (2024: 165) investment properties.

The investment properties were revalued in August 2025 (by Jones Lang LaSalle Limited) in accordance with FRS 102. This is considered the fair value at 31 March 2025.

The minimum lease payments receivable in respect of leases in relation to investment properties are due within one year. This amounted to £949,384 (2024: £1,017,242).

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. Tangible fixed assets and investments (cont'd)**

|                                                  | Heritable Office<br>Property<br>£ | Office<br>Furniture and<br>Equipment<br>£ | Other Fixed<br>Assets Total<br>£ |
|--------------------------------------------------|-----------------------------------|-------------------------------------------|----------------------------------|
| <b>14 (e) Other fixed assets<br/>Group</b>       |                                   |                                           |                                  |
| <b>Cost</b>                                      |                                   |                                           |                                  |
| At start of year                                 | 1,044,973                         | 2,774,676                                 | 3,819,649                        |
| Additions during year                            | 13,792                            | 98,230                                    | 112,022                          |
| Disposals                                        | -                                 | (546,028)                                 | (546,028)                        |
|                                                  | <u>1,058,765</u>                  | <u>2,326,878</u>                          | <u>3,385,643</u>                 |
| <b>Depreciation</b>                              |                                   |                                           |                                  |
| At start of year                                 | 298,840                           | 2,001,384                                 | 2,300,224                        |
| Provided during year                             | 17,543                            | 241,262                                   | 258,805                          |
| Disposals                                        | -                                 | (542,889)                                 | (542,889)                        |
|                                                  | <u>316,383</u>                    | <u>1,699,757</u>                          | <u>2,016,140</u>                 |
| <b>Net book value</b>                            |                                   |                                           |                                  |
| At 31 March 2025                                 | <u>742,382</u>                    | <u>627,121</u>                            | <u>1,369,503</u>                 |
| At 31 March 2024                                 | <u>746,133</u>                    | <u>773,292</u>                            | <u>1,519,425</u>                 |
| <b>14 (f) Other fixed assets<br/>Association</b> |                                   |                                           |                                  |
| <b>Cost</b>                                      |                                   |                                           |                                  |
| At start of year                                 | 962,062                           | 2,667,520                                 | 3,629,582                        |
| Additions during year                            | 13,792                            | 98,230                                    | 112,022                          |
| Disposals                                        | -                                 | (546,028)                                 | (546,028)                        |
|                                                  | <u>975,854</u>                    | <u>2,219,722</u>                          | <u>3,195,576</u>                 |
| <b>Depreciation</b>                              |                                   |                                           |                                  |
| At start of year                                 | 271,274                           | 1,900,792                                 | 2,172,066                        |
| Provided during year                             | 16,126                            | 240,771                                   | 256,897                          |
| Disposals                                        | -                                 | (542,889)                                 | (542,889)                        |
|                                                  | <u>287,400</u>                    | <u>1,598,674</u>                          | <u>1,886,074</u>                 |
| <b>Net book value</b>                            |                                   |                                           |                                  |
| At 31 March 2025                                 | <u>688,454</u>                    | <u>621,048</u>                            | <u>1,309,502</u>                 |
| At 31 March 2024                                 | <u>690,788</u>                    | <u>766,728</u>                            | <u>1,457,516</u>                 |

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**14. Tangible fixed assets and investments (cont'd)**

| <b>14 (g) Investments Association</b>  | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|----------------------------------------|-------------------|-------------------|
| Investment in subsidiary undertaking:  |                   |                   |
| Pentland Community Enterprises Limited | <b>470,001</b>    | <b>100,001</b>    |
| Cairn Homes and Services Limited       | -                 | 1                 |
|                                        | <b>470,001</b>    | <b>100,002</b>    |

Cairn Housing Association Limited owns 470,001 (2024: 100,001) ordinary £1 shares in Pentland Community Enterprises Limited (SC309344). In the current year, £370,000 previously loaned to Pentland Community Enterprises Limited was converted to investment in the entity. The investment is held at cost. This represents a 100% shareholding in Pentland Community Enterprises Limited, a company registered in Scotland, whose principal activity is the rental of housing units at mid-market rent. Pentland Community Enterprises Limited made a profit of £56,514 (2024: loss of £208,228) for the year ended 31 March 2025 and had net assets of £231,816 (2024: net liabilities of £194,698).

The Association's other subsidiary is ANCHO Limited. ANCHO Limited made a surplus of £220,821 (2024: deficit of £870,044) for the year ended 31 March 2025 and had net assets of £15,824,550 (2024: £15,603,741).

Cairn Housing Association Limited owned 1 ordinary £1 share in Cairn Homes and Services Limited (SC341478). The investment was held at cost. This represented a 100% shareholding in Cairn Homes and Services Limited, a company registered in Scotland, which was dormant and dissolved on 17 September 2024.

| <b>15. Debtors due after more than one year Association</b> | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|-------------------------------------------------------------|-------------------|-------------------|
| <i>Amounts owed by subsidiary</i>                           |                   |                   |
| ANCHO Limited                                               | <b>1,460,000</b>  | <b>1,460,000</b>  |
| Pentland Community Enterprises Limited                      | -                 | 370,000           |
|                                                             | <b>1,460,000</b>  | <b>1,830,000</b>  |

The loan to ANCHO is a fixed interest loan and is repayable on the 25<sup>th</sup> anniversary of the date of the first advance which was 27 September 2018. The interest rate is 3.5% per annum.

The loan to Pentland Community Enterprises Limited was converted to investment in the year.

| <b>16. Debtors due within one year Group</b> | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|----------------------------------------------|-------------------|-------------------|
| Rent arrears                                 | <b>998,579</b>    | <b>896,957</b>    |
| Less: provision for bad debts                | <b>(496,749)</b>  | <b>(565,624)</b>  |
|                                              | <b>501,830</b>    | <b>331,333</b>    |
| Prepayments and accrued income               | <b>895,529</b>    | <b>1,128,316</b>  |
| Other debtors                                | <b>407,235</b>    | <b>534,543</b>    |
| Trade debtors                                | <b>26,633</b>     | <b>3,840</b>      |
|                                              | <b>1,831,227</b>  | <b>1,998,032</b>  |

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**16. Debtors due within one year (cont'd)**

| <b>Association</b>             | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Rent arrears                   | 942,367           | 797,285           |
| Less: provision for bad debts  | (457,016)         | (504,318)         |
|                                | <u>485,351</u>    | <u>292,967</u>    |
| Amounts owed by subsidiary     | 487,175           | 509,019           |
| Prepayments and accrued income | 828,941           | 1,047,562         |
| Other debtors                  | 343,563           | 482,464           |
|                                | <u>2,145,030</u>  | <u>2,332,012</u>  |

**17a. Cash and cash equivalents  
Group**

|                             | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|-----------------------------|-------------------|-------------------|
| Deposit accounts < 3 months | -                 | 1,219,466         |
| Current account             | 4,002,518         | 2,186,076         |
|                             | <u>4,002,518</u>  | <u>3,405,542</u>  |

| <b>Association</b> | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|--------------------|-------------------|-------------------|
| Current account    | 2,489,354         | 1,910,533         |
|                    | <u>2,489,354</u>  | <u>1,910,533</u>  |

**17b. Investments  
Group & Association**

|                             | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|-----------------------------|-------------------|-------------------|
| Deposit accounts > 3 months | 3,515,000         | 3,000,000         |
|                             | <u>3,515,000</u>  | <u>3,000,000</u>  |

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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| <b>18. Creditors: amounts falling due within one year</b> | <b>2025</b>      | <b>2024</b>      |
|-----------------------------------------------------------|------------------|------------------|
| <b>Group</b>                                              | <b>£</b>         | <b>£</b>         |
| Housing loans due in less than 1 year (note 20)           | 1,279,974        | 1,250,014        |
| Other loans                                               | 86,490           | 86,490           |
| Trade creditors                                           | 2,091,040        | 552,749          |
| Retentions                                                | 695,335          | 425,286          |
| Prepaid rents and service charges                         | 1,368,720        | 1,058,417        |
| Accruals and deferred income                              | 1,732,958        | 1,637,732        |
| Other taxes and social security                           | 9,405            | 56,711           |
| Deferred Government capital grant (note 22)               | 666,305          | 587,862          |
| Corporation tax                                           | -                | -                |
| Other creditors                                           | 555,955          | 699,177          |
|                                                           | <u>8,486,182</u> | <u>6,354,438</u> |
| Secured creditors                                         | <u>1,279,974</u> | <u>1,250,014</u> |
|                                                           |                  |                  |
|                                                           | <b>2025</b>      | <b>2024</b>      |
| <b>Association</b>                                        | <b>£</b>         | <b>£</b>         |
| Housing loans due in less than 1 year (note 21)           | 713,235          | 714,454          |
| Other loans                                               | 86,490           | 86,490           |
| Trade creditors                                           | 1,745,441        | 503,685          |
| Retentions                                                | 695,335          | 425,286          |
| Amounts owed to subsidiary                                | 112,680          | 1                |
| Prepaid rents and service charges                         | 1,161,124        | 883,922          |
| Accruals and deferred income                              | 1,613,120        | 1,399,987        |
| Other taxes and social security                           | 9,405            | 56,711           |
| Deferred Government capital grant (note 22)               | 665,773          | 587,331          |
| Other creditors                                           | 531,825          | 675,283          |
|                                                           | <u>7,334,428</u> | <u>5,333,150</u> |
| Secured creditors                                         | <u>713,235</u>   | <u>714,454</u>   |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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| <b>19. Creditors: amounts falling due after more than one year</b> | <b>2025</b>           | <b>2024</b>           |
|--------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                    | <b>£</b>              | <b>£</b>              |
| <b>Group</b>                                                       |                       |                       |
| Housing loans (note 20)                                            | 97,601,162            | 94,481,868            |
| Deferred Government capital grant (note 22)                        | 42,366,945            | 42,546,175            |
| Other loans                                                        | 21,575                | 43,064                |
| Retentions                                                         | 14,839                | 590,914               |
| Other creditors                                                    | -                     | 47,032                |
|                                                                    | <u>140,004,521</u>    | <u>137,709,053</u>    |
| <br>Secured creditors                                              | <br><u>97,601,162</u> | <br><u>94,481,868</u> |
|                                                                    | <b>2025</b>           | <b>2024</b>           |
|                                                                    | <b>£</b>              | <b>£</b>              |
| <b>Association</b>                                                 |                       |                       |
| Housing loans (note 21)                                            | 94,423,740            | 90,736,975            |
| Deferred Government capital grant (note 22)                        | 42,345,684            | 42,524,382            |
| Other loans                                                        | 21,575                | 43,064                |
| Retentions                                                         | 14,839                | 590,914               |
| Other creditors                                                    | -                     | 47,032                |
|                                                                    | <u>136,805,838</u>    | <u>133,942,367</u>    |
| <br>Secured creditors                                              | <br><u>94,423,740</u> | <br><u>90,736,975</u> |

**CAIRN HOUSING ASSOCIATION LIMITED**  
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| <b>20. Loans<br/>Group</b>                                               | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|--------------------------------------------------------------------------|-------------------|-------------------|
| Loans or mortgages secured by charges on the Group's housing properties: |                   |                   |
| Loans advanced by:                                                       |                   |                   |
| Private lenders                                                          | <b>98,881,136</b> | <b>95,731,882</b> |
| Amounts falling due in:                                                  |                   |                   |
| One year (note 18)                                                       | <b>1,279,974</b>  | <b>1,250,014</b>  |
| One year or more but less than two years (note 19)                       | <b>1,181,271</b>  | <b>1,279,974</b>  |
| Two years or more but less than five years (note 19)                     | <b>3,802,981</b>  | <b>2,407,433</b>  |
| Five years or more (note 19)                                             | <b>92,616,910</b> | <b>90,794,461</b> |
|                                                                          | <b>98,881,136</b> | <b>95,731,882</b> |

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 1.49% and 5.87%.

The Group's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £108,268,329 (2024: £104,825,887).

| <b>21. Loans<br/>Association</b>                                               | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|--------------------------------------------------------------------------------|-------------------|-------------------|
| Loans or mortgages secured by charges on the Association's housing properties: |                   |                   |
| Loans advanced by:                                                             |                   |                   |
| Private lenders                                                                | <b>95,136,975</b> | <b>91,451,429</b> |
| Amounts falling due in:                                                        |                   |                   |
| One year (note 18)                                                             | <b>713,235</b>    | <b>714,454</b>    |
| One year or more but less than two years (note 19)                             | <b>711,965</b>    | <b>713,235</b>    |
| Two years or more but less than five years (note 19)                           | <b>2,158,377</b>  | <b>841,430</b>    |
| Five years or more (note 19)                                                   | <b>91,553,398</b> | <b>89,182,310</b> |
|                                                                                | <b>95,136,975</b> | <b>91,451,429</b> |

The loans are advanced to finance the development and refurbishment of housing properties and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 2.10% and 5.87%.

The Association's lenders have standard securities of the Social Housing Units and investment properties with a carrying value of £91,449,791 (2024: £87,686,695)

**CAIRN HOUSING ASSOCIATION LIMITED**  
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| <b>22. Deferred capital grants</b> |           | <b>2025</b>              | <b>2024</b>       |
|------------------------------------|-----------|--------------------------|-------------------|
|                                    |           | <b>£</b>                 | <b>£</b>          |
| <b>Group</b>                       |           |                          |                   |
| Deferred capital grants 1 April    |           | <b>43,134,037</b>        | 40,687,388        |
| Reallocated from other creditors   |           | <b>131,573</b>           | 573,531           |
| Grants received in year            |           | <b>462,328</b>           | 3,020,431         |
| Grant amortised in year            |           | <b>(694,078)</b>         | (616,179)         |
| Grant written off in year          |           | <b>(610)</b>             | (351,092)         |
| Transfer to other RSL*             |           | <b>-</b>                 | (180,042)         |
|                                    |           | <u><b>43,033,250</b></u> | <u>43,134,037</u> |
| Deferred capital grants 31 March   |           |                          |                   |
| Split:                             | < 1 year  | <b>666,305</b>           | 587,862           |
|                                    | 1-2 years | <b>666,305</b>           | 587,863           |
|                                    | 2-5 years | <b>1,998,914</b>         | 1,763,588         |
|                                    | > 5 years | <b>39,701,726</b>        | 40,194,724        |
|                                    |           | <u><b>43,033,250</b></u> | <u>43,134,037</u> |
| Total                              |           |                          |                   |
|                                    |           | <u><b>43,033,250</b></u> | <u>43,134,037</u> |
| <b>Association</b>                 |           |                          |                   |
|                                    |           | <b>2025</b>              | <b>2024</b>       |
|                                    |           | <b>£</b>                 | <b>£</b>          |
| Deferred capital grants 1 April    |           | <b>43,111,713</b>        | 40,664,532        |
| Reallocated from other creditors   |           | <b>131,573</b>           | 573,531           |
| Grants received in year            |           | <b>462,328</b>           | 3,020,431         |
| Grant amortised in year            |           | <b>(693,546)</b>         | (615,647)         |
| Grant written off in year          |           | <b>(611)</b>             | (351,092)         |
| Transfer to other RSL*             |           | <b>-</b>                 | (180,042)         |
|                                    |           | <u><b>43,011,457</b></u> | <u>43,111,713</u> |
| Deferred capital grants 31 March   |           |                          |                   |
| Split:                             | < 1 year  | <b>665,773</b>           | 587,331           |
|                                    | 1-2 years | <b>665,773</b>           | 587,331           |
|                                    | 2-5 years | <b>1,997,318</b>         | 1,761,992         |
|                                    | > 5 years | <b>39,682,593</b>        | 40,175,059        |
|                                    |           | <u><b>43,011,457</b></u> | <u>43,111,713</u> |
| Total                              |           |                          |                   |
|                                    |           | <u><b>43,011,457</b></u> | <u>43,111,713</u> |

\*Relates to grant received from the Scottish Government which has been transferred to Highland Housing Alliance as Cairn Housing Association Limited is no longer involved in the scheme.

**CAIRN HOUSING ASSOCIATION LIMITED**  
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**23. Pension scheme – Group and Association**

**(i) Defined Contribution Scheme**

On 31 March 2014 the Association moved its pension provision from a defined benefit scheme via the Scottish Housing Associations' Pension Scheme to a defined contribution scheme via the Scottish Housing Associations' Pension Scheme and Standard Life.

61 members of staff are members of the Scottish Housing Association's Defined Contribution Pension Scheme. This scheme was closed to new entrants on 1 April 2014. The assets of the scheme are administered by The Pensions Trust and are independent of the Association.

The contributions paid in respect of the Scottish Housing Association's Defined Contribution Pension Scheme are variable with the maximum employer contribution of 12%.

65 members of staff are members of the Standard Life Group Personal Pension Scheme. This scheme is used for auto enrolment as well as being open to new members. The assets of the scheme are administered by Standard Life and are independent of the Association.

The contributions paid in respect of the Standard Life Group Personal Pension Scheme are variable with the maximum employer contribution of 10%.

**(ii) SHAPS defined benefit scheme**

Cairn Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme). Cairn Housing Association Limited has elected to operate the Defined Contributions Option for existing members, with this defined benefit scheme closed to new members from 1 April 2014. However, the Association is still required to fund the past service deficit liability.

The scheme is a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. With effect from 1 April 2022, the pension scheme is accounted for under FRS102 as a defined benefit scheme.

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

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

*Scheme Benefit Review*

The Trustee has carried out a review comparing the benefits provided to Scheme members with the requirements of the Scheme documentation. It has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity, to provide the Trustee with the certainty it needs to properly administer the Scheme.

The Court hearing concluded in March 2025, with the Court's determination expected no earlier than the summer of 2025. After this, the Trustee and its advisers will consider the outcome and communicate next steps to employers. Depending on the outcome of the hearing, it may be necessary to ask further questions of the Court to clarify certain additional points.

Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate provided above.

**CAIRN HOUSING ASSOCIATION LIMITED**

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**23. Pension scheme – Group and Association (continued)**

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme. In accordance with FRS 102 section 28, the operating and financing costs of pension and post-retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

**Present values of defined benefit obligation, fair value of assets and defined benefit liability**

|                                                   | <b>31 March 2025</b>  | <b>31 March 2024</b>  |
|---------------------------------------------------|-----------------------|-----------------------|
|                                                   | <b>£'000</b>          | <b>£'000</b>          |
| Fair value of plan assets                         | <b>14,336</b>         | <b>15,626</b>         |
| Present value of defined benefit obligation       | <b>(16,282)</b>       | <b>(17,704)</b>       |
| <b>Defined benefit liability to be recognised</b> | <b><u>(1,946)</u></b> | <b><u>(2,078)</u></b> |

**Reconciliation of opening and closing balances of the defined benefit obligation**

|                                                           | <b>Year ended</b>      | <b>Year ended</b>      |
|-----------------------------------------------------------|------------------------|------------------------|
|                                                           | <b>31 March 2025</b>   | <b>31 March 2024</b>   |
|                                                           | <b>£'000</b>           | <b>£'000</b>           |
| Defined benefit obligation at start of period             | <b>(17,704)</b>        | <b>(17,395)</b>        |
| Current service cost                                      | <b>-</b>               | <b>-</b>               |
| Expenses                                                  | <b>(26)</b>            | <b>(25)</b>            |
| Interest expense                                          | <b>(852)</b>           | <b>(835)</b>           |
| Actuarial gain due to scheme experience                   | <b>(355)</b>           | <b>(235)</b>           |
| Actuarial gain due to changes in demographic assumptions  | <b>-</b>               | <b>115</b>             |
| Actuarial gain due to changes in financial assumptions    | <b>1,999</b>           | <b>62</b>              |
| Benefits paid and expenses                                | <b>656</b>             | <b>609</b>             |
| <b>Defined benefit liability at the end of the period</b> | <b><u>(16,282)</u></b> | <b><u>(17,704)</u></b> |

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

|                                                                                      | <b>Year ended</b>    | <b>Year ended</b>    |
|--------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                      | <b>31 March 2025</b> | <b>31 March 2024</b> |
|                                                                                      | <b>£'000</b>         | <b>£'000</b>         |
| Fair value of plan assets at start of the period                                     | <b>15,626</b>        | <b>16,528</b>        |
| Interest income                                                                      | <b>750</b>           | <b>793</b>           |
| Experience on plan assets (excluding amounts included in interest inc – gain/(loss)) | <b>(1,410)</b>       | <b>(1,111)</b>       |
| Contributions by the employer                                                        | <b>26</b>            | <b>25</b>            |
| Benefits paid and expenses                                                           | <b>(656)</b>         | <b>(609)</b>         |
| <b>Fair value of plan assets at end of period</b>                                    | <b><u>14,336</u></b> | <b><u>15,626</u></b> |

**CAIRN HOUSING ASSOCIATION LIMITED**  
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**23. Pension scheme – Group and Association (continued)**

**Defined benefit costs recognised in the Statement of Comprehensive Income**

|                                                                              | <b>Year ended<br/>31 March 2025<br/>£'000</b> | <b>Year ended<br/>31 March 2024<br/>£'000</b> |
|------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Current service cost                                                         | -                                             | -                                             |
| Admin expenses                                                               | 26                                            | 25                                            |
| Net interest expense                                                         | 102                                           | 42                                            |
|                                                                              | <hr/>                                         | <hr/>                                         |
| <b>Defined benefit costs recognised in Statement of Comprehensive Income</b> | <b>128</b>                                    | <b>67</b>                                     |
|                                                                              | <hr/>                                         | <hr/>                                         |

**Defined benefit costs recognised in Other Comprehensive Income**

|                                                                                                                                | <b>Year ended<br/>31 March 2025<br/>£'000</b> | <b>Year ended<br/>31 March 2024<br/>£'000</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)                                      | (1,410)                                       | (1,111)                                       |
| Experience gains and losses arising on the plan liabilities – gain/(loss)                                                      | (355)                                         | (235)                                         |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss) | -                                             | 115                                           |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain          | 1,999                                         | 62                                            |
|                                                                                                                                | <hr/>                                         | <hr/>                                         |
| <b>Total amount recognised in other comprehensive income – actuarial gain/(loss)</b>                                           | <b>234</b>                                    | <b>(1,169)</b>                                |
|                                                                                                                                | <hr/>                                         | <hr/>                                         |

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. Pension scheme – Group and Association (continued)**

| <b>Fund allocation for employer's calculated share of assets</b> | <b>31 March 2025<br/>£'000</b> | <b>31 March 2024<br/>£'000</b> |
|------------------------------------------------------------------|--------------------------------|--------------------------------|
| Global Equity                                                    | 1,660                          | 1,797                          |
| Absolute Return                                                  | -                              | 702                            |
| Distressed Opportunities                                         | -                              | 575                            |
| Credit Relative Value                                            | -                              | 550                            |
| Alternative Risk Premia                                          | -                              | 563                            |
| Liquid Alternatives                                              | 2,639                          | -                              |
| Emerging Markets Debt                                            | -                              | 274                            |
| Risk Sharing                                                     | -                              | 938                            |
| Insurance-Linked Securities                                      | 55                             | 97                             |
| Property                                                         | 710                            | 661                            |
| Infrastructure                                                   | 3                              | 1,497                          |
| Private Equity                                                   | 12                             | 12                             |
| Real Assets                                                      | 1,711                          | -                              |
| Private Debt                                                     | -                              | 629                            |
| Opportunistic Liquid Credit                                      | -                              | 622                            |
| Private Credit                                                   | 1,788                          | -                              |
| Credit                                                           | 610                            | -                              |
| Investment Grade Credit                                          | 656                            | -                              |
| High Yield                                                       | -                              | 3                              |
| Opportunistic Credit                                             | -                              | -                              |
| Cash                                                             | 77                             | 405                            |
| Corporate Bond Fund                                              | -                              | -                              |
| Liquid Credit                                                    | -                              | -                              |
| Long Lease Property                                              | 5                              | 116                            |
| Secured Income                                                   | 331                            | 521                            |
| Liability Driven Investment                                      | 4,036                          | 5,652                          |
| Currency Hedging                                                 | 24                             | (7)                            |
| Net Current Assets                                               | 19                             | 19                             |
| <b>Total Assets</b>                                              | <b>14,336</b>                  | <b>15,626</b>                  |

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

| <b>Assumptions as at</b>                                    | <b>31 March 2025<br/>% per annum</b> |
|-------------------------------------------------------------|--------------------------------------|
| Discount rate                                               | 5.82%                                |
| Inflation (RPI)                                             | 3.10%                                |
| Inflation (CPI)                                             | 2.79%                                |
| Salary growth                                               | 3.79%                                |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance             |

**CAIRN HOUSING ASSOCIATION LIMITED**  
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**23. Pension scheme – Group and Association (continued)**

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

|                         | Life expectancy<br>at age 65<br>(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                                    |

**Member data summary**

**Active members**

|              | Number    | Total earnings<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|-----------|---------------------------------|-----------------------------|
| Males        | 14        | 631                             | 55                          |
| Females      | 28        | 1,092                           | 53                          |
| <b>Total</b> | <b>42</b> | <b>1,823</b>                    | <b>54</b>                   |

**Deferred members**

|              | Number     | Deferred pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|------------|------------------------------------|-----------------------------|
| Males        | 37         | 157                                | 55                          |
| Females      | 64         | 157                                | 56                          |
| <b>Total</b> | <b>101</b> | <b>314</b>                         | <b>55</b>                   |

**Pensioners**

|              | Number     | Pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|------------|---------------------------|-----------------------------|
| Males        | 33         | 187                       | 68                          |
| Females      | 68         | 392                       | 74                          |
| <b>Total</b> | <b>101</b> | <b>579</b>                | <b>72</b>                   |

**Employer debt on withdrawal**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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**23. Pension scheme – Group and Association (continued)**

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

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2024. As of this date the estimated employer debt for the Association was £5,155,183.

| <b>24. Deferred tax</b>                                                 | <b>2025</b> | <b>2024</b> |
|-------------------------------------------------------------------------|-------------|-------------|
|                                                                         | <b>£</b>    | <b>£</b>    |
| At beginning of the year                                                | -           | 3,962       |
| Reallocated to corporation tax - Pentland Community Enterprises Limited | -           | (3,962)     |
| Transferred from Penland Community Enterprises Limited                  | -           | -           |
|                                                                         | <hr/>       | <hr/>       |
| At end of year                                                          | -           | -           |
|                                                                         | <hr/>       | <hr/>       |

**CAIRN HOUSING ASSOCIATION LIMITED**  
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**25. Provision – Riverbank (ANCHO)**

|                      | 2025<br>£        | 2024<br>£        |
|----------------------|------------------|------------------|
| <b>Group</b>         |                  |                  |
| At 1 April 2024      | 1,900,000        | 900,000          |
| Additions            | -                | 1,000,000        |
| Utilised in the year | (85,791)         | -                |
| At 31 March 2025     | <u>1,814,209</u> | <u>1,900,000</u> |

ANCHO is the owner of a 207m stretch of the riverbank (into the middle of the riverbed) of the River Annick, behind Annick Drive, North Ayrshire. The gabion retaining structure is in poor condition due to extensive corrosion and the riverbank has experienced significant erosion affecting the stability of the fences and garden structures of the residential units along Annick Drive. There are 24 houses whose gardens back onto the land owned by ANCHO, of which ANCHO owns 1. The remaining 23 houses are privately owned and were disposed of via Right to Buy prior to the land coming into ANCHO's ownership. This land was transferred to ANCHO as part of the original stock transfer from Scottish Homes (in 1999).

This is a complicated project and there are various options available as to the extent of work that could be performed to address the issue. The extent of the work carried out will determine how long the restoration will last. There are options available that are expected to last up to 30 years whilst a more extensive and expensive project could provide a solution that would last up to 150 years. Based on the current professional advice, the expected cost to the Association is now estimated at £1.9m, and £85.8k has been spent in 2024/25.

The preference of the Board would be to undertake works that provide a longer-term solution (150 years) however for this work to take place, the Association would need financial support from the Scottish Government and relevant agencies via grant funding. The Association will continue to engage with these parties in respect of securing this funding that would cover the additional cost of a longer-term solution. As this additional cost is dependent on securing the funding, this cost has not been incorporated into the year-end provision and is considered a contingent liability as at 31 March 2025.

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| <b>26a. Share capital</b>               | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|-----------------------------------------|-------------------|-------------------|
| <b>Group and Association</b>            |                   |                   |
| Shares of £1 each issued and fully paid |                   |                   |
| At 1 April 2024                         | <b>138</b>        | <b>155</b>        |
| Issue of shares during the year         | <b>-</b>          | <b>3</b>          |
| Cancelled during the year               | <b>(18)</b>       | <b>(20)</b>       |
|                                         | <b>120</b>        | <b>138</b>        |
| At 31 March 2025                        |                   |                   |

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

**26b. Reserves**

The revenue reserve includes all current and prior year retained surpluses or deficits.

**27. Net cash inflow from operating activities**

| <b>Group</b>                                                  | <b>2025<br/>£</b>  | <b>2024<br/>£</b>  |
|---------------------------------------------------------------|--------------------|--------------------|
| Surplus for the year                                          | <b>1,689,573</b>   | <b>(636,692)</b>   |
| <u>Adjustment for non-cash items</u>                          |                    |                    |
| Depreciation charges including loss on disposal of components | <b>5,043,895</b>   | <b>4,958,907</b>   |
| Increase/(decrease) in creditors                              | <b>1,606,668</b>   | <b>(2,684,555)</b> |
| (Decrease)/increase in provisions                             | <b>(85,791)</b>    | <b>1,000,000</b>   |
| Decrease in debtors                                           | <b>166,805</b>     | <b>403,730</b>     |
| Decrease in stock                                             | <b>9,870</b>       | <b>12,628</b>      |
| Share capital cancelled                                       | <b>(18)</b>        | <b>(20)</b>        |
| Gain on site of property, plant and equipment                 | <b>(8,255)</b>     | <b>-</b>           |
| Gain on disposal of investment properties                     | <b>(143,812)</b>   | <b>-</b>           |
| Write off of deferred Government Grants                       | <b>(610)</b>       | <b>(351,092)</b>   |
| Gain on revaluation of investment properties                  | <b>(1,815,000)</b> | <b>-</b>           |
| <u>Adjustments for investing or financing activities</u>      |                    |                    |
| Release of deferred government grants                         | <b>(694,078)</b>   | <b>(616,179)</b>   |
| Interest payable                                              | <b>3,364,131</b>   | <b>3,289,588</b>   |
| Interest receivable                                           | <b>(222,831)</b>   | <b>(352,221)</b>   |
| Net cash inflow from operating activities                     | <b>8,910,547</b>   | <b>5,024,094</b>   |

**CAIRN HOUSING ASSOCIATION LIMITED**  
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**27. Net cash inflow from operating activities (continued)**

| <b>Association</b>                                            | <b>2025</b>        | <b>2024</b>        |
|---------------------------------------------------------------|--------------------|--------------------|
|                                                               | <b>£</b>           | <b>£</b>           |
| Surplus for the year                                          | <b>1,442,081</b>   | <b>441,590</b>     |
| <u>Adjustment for non-cash items</u>                          |                    |                    |
| Depreciation charges including loss on disposal of components | <b>4,444,966</b>   | <b>4,358,264</b>   |
| Increase/(decrease) in creditors                              | <b>1,466,601</b>   | <b>(2,730,166)</b> |
| Decrease in debtors                                           | <b>186,982</b>     | <b>110,853</b>     |
| Decrease in stock                                             | <b>8,500</b>       | <b>6,677</b>       |
| Share capital cancelled                                       | <b>(18)</b>        | <b>(20)</b>        |
| Gain on sale on disposal of investment properties             | <b>(131,748)</b>   | <b>-</b>           |
| Write-off of deferred Government Grants                       | <b>(611)</b>       | <b>(351,092)</b>   |
| Gain on revaluation of investment properties                  | <b>(1,740,000)</b> | <b>-</b>           |
| <u>Adjustments for investing or financing activities</u>      |                    |                    |
| Release of deferred Government Grants                         | <b>(693,546)</b>   | <b>(615,647)</b>   |
| Interest payable                                              | <b>3,097,462</b>   | <b>2,987,428</b>   |
| Interest receivable                                           | <b>(258,334)</b>   | <b>(411,998)</b>   |
| Net cash inflow from operating activities                     | <b>7,822,335</b>   | <b>3,795,889</b>   |

**28. Payments to members, Board members and Key Management**

**Group and Association**

Remuneration paid to members of the Association during the year were £9,543 (2024: £8,396). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £16,353 (2024: £4,429).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £nil (2024: £ nil).

There were no balances owed at the year-end (2024: £nil).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers was £648,257 (2024: £592,897).

**CAIRN HOUSING ASSOCIATION LIMITED**  
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**29. Capital commitments**

| <b>Group and Association</b>    | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|---------------------------------|-------------------|-------------------|
| Contracted                      | <b>8,181,490</b>  | <b>1,868,983</b>  |
| Approved but not contracted for | -                 | -                 |
|                                 | <b>8,181,490</b>  | <b>1,868,983</b>  |
| This is to be funded by:        |                   |                   |
| Private finance                 | <b>5,458,672</b>  | <b>1,868,983</b>  |
| Grants                          | <b>2,722,818</b>  | -                 |
| From reserves                   | -                 | -                 |
|                                 | <b>8,181,490</b>  | <b>1,868,983</b>  |

**30. Revenue commitments**

**Group**

At 31 March 2025 the Association had total future minimum lease commitments under non-cancellable operating leases as set out below:

| <b>Group</b>       | <b>Land &amp;<br/>Buildings<br/>2025<br/>£</b> | <b>Other<br/>2025<br/>£</b> | <b>Land &amp;<br/>Buildings<br/>2024<br/>£</b> | <b>Other<br/>2024<br/>£</b> |
|--------------------|------------------------------------------------|-----------------------------|------------------------------------------------|-----------------------------|
| Within a year      | <b>161,885</b>                                 | <b>27,891</b>               | <b>192,812</b>                                 | <b>6,396</b>                |
| Within 2-5 years   | <b>376,759</b>                                 | <b>62,152</b>               | <b>535,084</b>                                 | <b>17,495</b>               |
| After 5 years      | -                                              | -                           | <b>10,278</b>                                  | -                           |
|                    | <b>538,644</b>                                 | <b>90,043</b>               | <b>738,174</b>                                 | <b>23,891</b>               |
|                    |                                                |                             |                                                |                             |
| <b>Association</b> | <b>Land &amp;<br/>Buildings<br/>2025<br/>£</b> | <b>Other<br/>2025<br/>£</b> | <b>Land &amp;<br/>Buildings<br/>2024<br/>£</b> | <b>Other<br/>2024<br/>£</b> |
| Within a year      | <b>161,885</b>                                 | <b>27,891</b>               | <b>173,182</b>                                 | <b>6,396</b>                |
| Within 2-5 years   | <b>376,759</b>                                 | <b>62,152</b>               | <b>535,084</b>                                 | <b>17,495</b>               |
| After 5 years      | -                                              | -                           | <b>10,278</b>                                  | -                           |
|                    | <b>538,644</b>                                 | <b>90,043</b>               | <b>718,544</b>                                 | <b>23,891</b>               |

**31. Post Balance Sheet event**

On 1 April 2025, the trade and assets of ANCHO Limited were transferred to Cairn Housing Association Limited via a transfer of engagement. ANCHO Limited will be wound up in 2025/26.