



# Financial Statements

for the year ended 31<sup>st</sup> March 2025

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# The Board Members

Ashley Campbell | CIHCM (Vice Chairperson)

Robin Blacklock | BSc, MRICS (co-opted 22 May 2025)

Nicola Cooper | MFA, PG Cert (co-opted 22 May 2025)

Gary Devlin | ACA CPFA (Chairperson)

Adele Erwin | BEng (Hons)

Chris Elliott | BSc (Hons) (co-opted 22 May 2025)

Kathleen McAdams | FCIPD

Fraser Mitchell | MA MSc

Christa Reekie | Mag phil; LLB

Rob Rowe | MA (Hons) C Eng

James Rowney | MCIBS MBA MRICS

Alan Stewart | LLB Hons, DPLP

Margaret Whoriskey | MBE PhD MPhil BA (Hons)

Bryony Willett | CIHCM

Donald Taylor | MBA BSc (Hons) (resigned 5 May 2024)

## Officers

Angela Currie | CIHCM

Chief Executive

Wendy Russell | BSc

Director of Business Support and Transformation

Maurissa Fergusson | BSc(Hons) DipArch ARB

Director of Asset Management (resigned 31 December 2024)

Donna Henderson | ACMA

Director of Strategic Finance

Christopher Milburn | MBA MBCS

Director of Customer Services (resigned 5 June 2024)

Esther Wilson | CIHCM

Director of Customer Services (appointed 26 August 2024)

**Note:** that the Chief Executive and the Directors, noted here, are deemed to be the key management personnel of Hanover.

### Registered Address and Head Office:

Hanover Scotland Housing Association Ltd  
95 McDonald Road  
Edinburgh  
EH7 4NS

### External Auditor:

Anderson, Anderson & Brown Audit LLP  
81 George Street  
Edinburgh  
EH2 3ES

### Internal Auditors:

Henderson Loggie  
Level 5  
Stamp Office  
10-14 Waterloo Place  
Edinburgh  
EH1 3EG

### Solicitors:

TC Young  
7 West George Street  
Glasgow  
G2 1BA

### Bankers:

The Royal Bank of Scotland PLC  
Scotland Corporate Service Centre  
Drummond House  
PO Box 1727  
Edinburgh EH12 9JN

Registered Housing Association No. 124. Financial Conduct Authority No. 1983 R (S).  
Scottish Charity Registration SC014738. Registered Property Factor No PF000340.

# Review by the Board

## Year ended 31<sup>st</sup> March 2025

### Report of the Board incorporating the Strategic Report for the period ended 31 March 2025

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

#### Structure and Activities

Hanover, Scotland Housing Association Limited (HSHA) (the Association) is incorporated in Scotland and registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a mutual society. As a registered social landlord (RSL) Hanover is considered systemically important in its engagement with the Scottish Housing Regulator. As a registered charity Hanover is focused on providing housing and related services, mainly to older people and was founded in 1979. It has expanded both incrementally and through the transfer of Arklet Housing Association in November 2019, to become a national organisation that manages 4,716 properties across 22 Scottish local authority areas.

After a strategic review of our property factoring services, the Board made the decision to withdraw from the provision of this type of service. During 2024-25, 30 services transferring to a new factor and for strategic reasons Hanover continues to provide property factoring services to 4 owner occupied developments that have complex tenure types.

#### Governance and the Board

The Board has overall responsibility for managing Hanover and is supported by the Audit, Performance & Risk Committee and a People Committee.

The Audit Performance & Risk Committee has specific responsibility for overseeing the integrity of the financial and non-financial controls and reporting, performance scrutiny, including internal and external audit and risk management. At 31 March 2025, there are twelve Board Members. This structure strengthens the Board and the control of Hanover's strategic direction and provides a streamlined and efficient governance structure.

There are clear reporting arrangements within the current structure with minutes of the Audit, Performance & Risk Committee and the People Committee presented to the Board. The Board operates within the agreed Rules, Good Governance Framework and Financial Control Framework with delegated authority given to the Chief Executive and Executive Leadership Team. Key reports on financial and corporate

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performance, priority actions and regular strategic reports are provided to the Board to enable them to monitor progress in meeting the agreed objectives.

The Board ensures appropriate levels of assurance and strategic risk management, including seeking external advice where appropriate. Board members are volunteers and are unpaid, except for expenses. We have an annual Board appraisal process to support skills development and identify succession planning requirements.

# The Highlights of 2024-25

## Governance Development

There was one resignation in 2024-25 and since 31 March 2025 three new Board Members have been co-opted onto the Board taking the current total of Board members to fourteen.

We held two strategy days in the year in addition to our standard Board and Committee meetings. This allowed us to focus on providing the Board with the opportunity to scrutinise strategic results and to help develop our new growth and development plan and review the implementation of our Asset, Happy Customer and People & Engagement Strategies.

## Strategy Progress

We successfully completed Year Three of our current 5-year strategy and further embedded our Delivery Plan approach to managing strategic projects. We completed many of our key projects as set out further on in this document. Our project management framework continues to support effective delivery of all projects and service improvements.

We updated our 5 & 30-year financial plans which are captured in detail in our Business Plan and is approved by Board and shared with our funders and the Regulator. The focus in year four of our strategic is to create a refreshed asset management strategy, undertake a customer satisfaction survey and define our growth ambitions.

Strategic Goals		
Happy Customers	Desirable Homes	Resilient Organisation

## Happy Customer Strategy

A focus has been on the work reviewing our customer service model and operating model, to improve service standards, tenant engagement and satisfaction. This will allow us to adopt new working practices that enable our teams to spend more time with our tenants, to introduce new channels of communication and improve the customer experience.

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We are focusing our time on creating more inclusive communities, that reflect tenants wishes to have more fun activities and to be better connected to their local area. This includes developments have a small fund to help stimulate social activities to reduce isolation and loneliness.

## People & Engagement Strategy

The first cohort of our managers have completed the leadership course. To increase capacity to deliver this type of programme for our future leaders, our HR & OD Team have been trained to deliver the programme going forward to ensure it is sustainable and can amend the programme each year to reflect the challenges we face.

We have pledged to support the Chartered Institute of Housing's (CIH) commitment to professionalisation and education of our workforce and have a programme of work underway to support this. We have embedded our approach to supporting our employee wellbeing and this was validated through the significant achievement of obtaining IIP Wellbeing Gold and securing an award in Wellbeing by the national HR Network. We will build on this in the coming year and continue to engage with our employees to ensure our approach reflects their evolving needs.

## Asset Management Strategy

Ongoing work has been completed to integrate our stock condition data with our capital investment programme. This alignment ensures that we have a clear plan in place to execute the necessary works, thereby maximising our income and achieving the greatest impact.

Work also began last year on reviewing our Design Guide for our new generation of homes and aligning that with our Relet Standard for existing homes. This will support us to balance the priorities of our tenants and the higher standards that will be required both in terms of the revised Housing for Varying Needs Standard and Net Zero Standard, when these are published.

The Design Guide review involved tenant and employee workshops which provided valuable feedback that is being incorporated into the document. In addition, the document has been reviewed by an occupational therapist and the architects we work with to ensure the document is fit for purpose. This document will be a key part of our development and retrofit guidance and will ensure we adopt sustainable design principles and targets whilst reducing our environmental impact and associated costs whilst embracing the pathway to net zero by 2045.

We have now commissioned Arneil Johnston to support the compilation of our next strategy which will incorporate the recommend Integrated Asset Management Guidance published by the Scottish Housing Regulator. This will develop a comprehensive asset performance model which synthesizes several indicators, such as running and investment costs, operational and energy performance and place and customer impact into the overall performance outcomes which are prioritised.



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## Environmental, Social & Governance (ESG) Report

Last year we developed our first ESG Report which adopted the Sustainability Reporting Standard (SRS) for Social Housing framework. This report is assisting us to identify risks and pursue opportunities to create positive social and environmental outcomes while ensuring we evaluate our ethical impact and sustainability practices. We are committed to completing an annual ESG Report.

## Living Wage Employer

We concluded the major review of our Pay and Conditions two years ago and are now entering the final year of the main transition phase which will see a move to a new spot salary model. During the year we were successful in becoming an accredited Living Wage Employer which fulfilled one of the key aims set out at the start of the pay and conditions review.

## Our Voice Launch

Our new employee engagement model launched which looks to ensure effective engagement with all employees across Hanover and replaces our recognised union GMB. Our Voice launched in summer 2024 and has been successful in taking forward our pay discussions for 2025-26 and will have a key role to play in the next phase of our pay review.

During the year we worked with employees and Board to implement year one of the People & Engagement Strategy. The Action plan for this now forms part of our Delivery plan to ensure key projects to support our people are taken forward.

## Progress Towards Strategic Objectives

Our mission is to provide excellent services to meet the housing needs of Scotland's older people and to support them to be as independent as possible. The table below shows our delivery plan for 2024-25 and what we have achieved against these objectives. In total, there were 24 projects for us to achieve. 8 were full complete with 10 having revised timelines and 6 being behind target.

## Hanover Delivery Plan 2024-25

	On Target	Behind Target	Completed
Happy Customers	1	1	5
Digital Modernisation and Strategic Finance	3	3	0
Desirable Homes	1	0	3
Resilient Organisation	5	2	0
Total	10	6	8
Percentage	42%	25%	33%



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In the year ahead we have identified 13 strategic projects to focus on. Two of those projects will be transformative in changing how we provide our services going forward.

- The replacement of our Housing Management and Finance Systems.
- The implementation of our new Customer Service model.

We continue to refine our approach to project and programme management to ensure a robust approach to service improvement planning. This will ensure that everyday enhancements to what we do proceed in a planned way that support the 3 strategic goals of desirable homes, happy customers and being a resilient organisation.

## Organisational Highlights

# Performance Management

Hanover continues to closely monitor key performance indicators including those required by the Scottish Housing Regulator to demonstrate assurance on meeting the Scottish Social Housing Charter.

We also scrutinise key financial indicators through budget and treasury reporting to ensure compliance with our lending covenants and ensure ongoing financial stability.

Benchmarking is undertaken and reported to managers and to the APR Committee on a quarterly basis to show comparison with the sector and against internal targets. Performance over the last year shows a positive picture despite the many challenges particularly in assets around labour and material costs and the challenges of securing contractors, especially in the north of Scotland.

Despite this, the summary table below shows relatively strong performance against targets across key areas of the business.

Indicator	2024-25	2023-24	2022-23	Internal Target
Average time in working days for a full complaint response - 1 <sup>st</sup> stage	3.8	3.94	4	4
Average time in working days for a full complaint response - 2 <sup>nd</sup> stage	16.9	17.4	19.7	16
Average hours to complete emergency repairs	3.05	3.4	4.13	5
Average working days to complete non-emergency repairs	8.26	6.6	6.25	7
Repairs right first time	88.0%	89.0%	90.0%	90.0%
Gas safety checks not in line with statutory requirements	5	1	30	0
Rent loss due to voids	2.9%	3.0%	3.0%	3.0%
Average days to complete adaptations	85	40.9	39.3	60
Gross rent arrears	1.79%	1.77%	1.46%	1.6%
Time to re-let properties (calendar days)	67.2	75.9	87.0	50
Employee turnover	23.0%	16.0%	15.0%	12.0%

## Financial and Non Financial Performance

The purpose of this section is to provide an appropriate assessment of the performance of Hanover during 2024-25. The key strategic objectives include remaining financially viable, delivering value for money and achieving a financial surplus to meet our long-term commitments.

The Board is pleased to report that despite the current economic challenges, Hanover's performance remained strong and returned an operating surplus for the year of £3.3m (2024: £3.6m).

Gross income from rent and service charges (note 3a) decreased by 2%, and total turnover by 4.12% to £50.7m and operating costs decreased by 4.28% to £47.6m. Operating costs include expenditure on care of £3.3m, and reactive maintenance of our properties of £4.8m. With planned and cyclical investment costs of £4.4m incurred in the year.

The current gearing positions at 19.4% and 12% (2024: 17.6% and 11%) are shown in the Financial Performance Headlines below which provides considerable comfort in terms of ability to continue borrowing to fund future developments. Cash inflow in 2024-25 was £122k. The closing cash balance at the end of the year remains healthy at £3.7m. Cash inflow from operating activities during the year was £6.8m.

During 2024-25 our regulatory status with the Scottish Housing Regulator was 'compliant'. We use the SHR /SFHA tool kit for Assurance to monitor our compliance with the SHR Regulatory Framework. No areas of non-compliance have been identified in 2024-2025.

Our last large scale satisfaction survey was undertaken two years ago and levels have reduced in some areas. The fall in satisfaction is something which we are seeing across the Housing Sector, although we do know that our significantly increased service charges during 2022-23 due to the increase in fuel costs had a direct impact on satisfaction. We are currently preparing for our next large scale survey and considering our methodology and timing. Our Happy Customer Strategy has a number of workstreams which we anticipate will help us improve satisfaction across the board.

During 2024-25 we developed a new Customer Co-design Tool kit, which demonstrates our organisational values and is based on the principles of the Scottish Approach to Service Design: Respect, Accountability, Inclusion, Collaboration and Reciprocity.

## Financial Performance Headlines

Ratios	2025 £'000	2024 £'000
Financial Capacity		
Interest Cover	135.7%	121.6%
Gearing - Financial indebtedness as % age of Net Worth (excl pensions)	19.4%	17.6%
Gearing - Financial indebtedness as % age of Historic Cost of Properties	12%	11%
Efficiency		
Arrears	1.7%	1.77%
Former Tenant Arrears written off (as a % of former tenant arrears)	36.6%	36%
Staff Costs / Turnover	35%	31.8%
Turnover per unit	£10,760	£11,186
Profitability		
Gross Surplus	6.40%	6.74%
Net Surplus	1.81%	2.62%
Financing		

## Housing Management

While our average void re-let times improved in 2024/25 to 67.2 days (2023/24: 75.9 days), we have yet to achieve pre-pandemic void re-let times. Void rent and service charge loss of £1,408k (2024: £1,422k) does not include a service charge write off of £149k deemed irrecoverable or the provision of £322k. Void loss has increased in 2024-25, although progress had been made in reducing the levels towards the end of the year and this has continued into the early part of 2025-26. The Available Homes Working Group will continue to focus on reducing void numbers for the long and short term.

## Maintenance

Hanover seeks to maintain its properties to the highest standard. Reactive maintenance is carried out in accordance with our published response targets. There were 17,297 (2024:20,288) reactive repairs carried out in the year with 88% (2024: 89%) completed right first time.

## Housing Assets

The Association manages almost 4,900 properties, of which we own over 4,716. The remainder are managed on behalf of individual owners and shared equity owners. Note 22 of the Financial Statements sets out the number of units that are both owned and managed. The majority of our stock is between 25 and 35 years old and has reached an age profile that now requires significant investment to maintain modern standards. It is anticipated that an average of £7.6m of capital investment will be required each year.

This programme also includes works required by legislation, such as the Scottish Housing Quality Standard (SHQS). Currently 83.91% of properties comply with the SHQS. Total expenditure on revenue repairs and maintenance in the year was £4.8m (2024: £4.2m), with a further £8.3m of expenditure on our capital investment programme (2024: £4.4m). An agreed carve out of existing covenants with our lenders allowed for up to an additional £4.5m of additional spend.

We received Scottish Government grants of £259k (2024: £406k) for the adaptation of 148 (2024:190) properties to meet the needs of tenants as they become increasingly frail. A cut to the budget meant a significant reduction in grant received. Hanover did, however, fund a number of adaptations to ensure our tenants can safely stay in their homes for as long as possible. For 2025-26 the budget has significantly increased, and it is anticipated all adaptations required will be actioned within the new year using the available grant funding.

## Development Grant

We continue to consider development opportunities on a case-by-case basis where there are strong strategic links underpinned by a robust business plan. A key issue for the viability and sustainability of individual development opportunities remains the availability and level of capital grant funding. We are well placed to manage a modest development programme due to the low level of debt as a percentage of the value of the business.

## New Development

No new developments were completed in the year, but we undertook remodelling in one development. Barrland Court is a former Arklet development consisting mostly of bedsits, Phase 1 & Phase 2 were completed within 2023-24 and phase 3 is currently underway. Our speculative programme currently includes two developments noted below which are not through our internal appraisal stage and Board approval process but could potentially start in early 2026-27.

Tron — Low St. Meddans	32 Units	Draft proposal stage
Forres — Leonchoil	> 40 Units	Early stages

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Housing assets are included on the Statement of Financial Position (SOF) at £188.7 million (2024: £187.6 million), which is gross historical cost less depreciation. Housing Association Grant is included as deferred income and stands at £95.1m (2024: £98.5m). Details of fixed assets are set out in Note 9.

## Pension Strategy

In 2015 the Board approved a Pension Strategy with short, medium and long-term outcomes. The Strategy's overarching principle remains to have an occupational pension scheme which is fair and equitable for all staff, which is viable across all timescales. The objectives of the strategy were fulfilled with closure of the defined benefit scheme entirely from 1 April 2016 and after consultation with members the closure of the Lothian Pension Fund in October 2021.

The dedicated sub-committee met in October 2022 and confirmed Hanover had fulfilled the objectives set out in the Pension Strategy.

The Pension Review Group will meet in the coming months to consider a new strategy based on the results of the most recent triennial valuation which will see a reintroduction of past service deficit payments introduced from April 2026.

## Customer Engagement

Hanover has a strong track record in customer engagement and our approach is led by our Customer Experience Manager. Development and regional meetings take place regularly and attendance at these is increasing. Our on-site teams play a critical role in engaging our customers, reducing isolation and supporting people to be independent.

Our Customer Engagement Plan draws on feedback gathered through consultation and engagement with customers to deliver participatory activities locally in developments and provide greater support for informal opportunities.

## Welfare Rights

We provide a dedicated Welfare Rights service to our tenants to support increased access to welfare benefits and support effective budgeting. This service has been invaluable during the cost-of-living crisis with a critical activity being the distribution of financial aid via our Tenant Support Fund to support those of our customers facing fuel poverty. We have been successful in applying for grants to supplement the fund which has significantly increased the number of customers we can support, particularly around fuel poverty.

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## Volunteering

We operate a well-established volunteering programme to assist in providing vulnerable customers with access to a range of additional services, such as befriending. We are focusing on recruiting new volunteers in the year ahead to meet the demand for this service and continue to fund a dedicated post to show our commitment to this valuable activity. The Volunteering Plan responds to feedback from our most recent satisfaction survey through providing support to customers to enhance social opportunities at their developments.

## Digital Transformation

The Digital and ICT section plays a crucial role in supporting Hanover and never more so given our reliance on digital technology to deliver services. The primary focus of the ICT team is the delivery of the Digital Plan which was approved by the Board in January 2023 and will result in £2.5m of investment in digital. Part of the plan has been to ensure our teams can work as effectively and efficiently as possible and this has included the continued roll out and upgrading of the connectivity available in our developments.

We have introduced a new Digital Alarm Receiving platform - EVO and rolled out new Digital Telephony across Hanover. The final phase of our Analogue to Digital Project will see the digitalisation of the Warden Call systems across our developments which will be completed in 2025-26.

During 2024-25, we procured our new Housing Management and Finance system, Rubixx. Workshops have commenced, involving all areas of the business with planned implementation being carried out during the course of 2025-26 with a view to go live in April 2026.

Throughout the summer months of 2025-26, the replacement of all the video conferencing equipment in the meeting rooms and conference centre will take place. We are also carrying out a replacement program on all our staffed developments to replace the existing computing setup. All mobile phones throughout the business will be replaced during the summer months with the plans to migrate the mobile numbers to a new contract shortly afterwards, affording us considerable savings.

As in previous years, we continue to strengthen our defences against the evolving threat of cyber-attacks with Cyber Essential and Cyber Essential Plus accreditation both being retained 2024-25.

## Employees

We have a highly skilled and loyal workforce that have a real focus on customer service. Our teams across the country have now adopted a Hybrid Working approach where possible. We have Team Charters in place that set out the agreed working arrangements of each individual team to maximise team working and a good balance with home working.



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We have reviewed and launched a refreshed Employee Performance Management Framework in 2024-25 which has allowed us to complete a learning needs analysis for all roles across the business. This will allow us to further develop our approach to workforce planning and succession planning. In 2024-25 we consolidated our work around our ambition to be IIP platinum by 2030, undertaking a heat map exercise to assess our readiness further assessment is during 2025-26 where our expectation is to achieve silver or gold. In 2024-25 we launched our Young Person's Forum with representation from our young people across Hanover they will focus on how we attract and retain young people across the workforce.

During the year we finished the refurbishment of Edinburgh Office and have leased out the bottom one and a half floors to a local charity. After a considered options appraisal, we also made the decision to sell our current Elgin Office and move to more modern office space. This was also concluded in 2024-25 and plans are to sell the old office space are in 2025-26.

## Employee Involvement and Health and Safety

Our Health, Safety & Wellbeing management framework was updated throughout the year, along with a full review of all Health & Safety related policies. The HSWB Framework is a critical feature of our organisation and is a strong foundation for supporting both our customers and our employees.

Our Health, Safety & Wellbeing Working Group continues to oversee all activities and projects in this area, including the 3-year Health Safety & Wellbeing Plan for 2024-27. The delivery of year one is now complete that saw us procure a new lone working system and deliver a new slips, trips, and falls campaign. Year two will look to deploy the lone working system and develop a new accompanying procures and we will continue to work on reducing the number of accidents, incidents and near misses.

## Equality Diversity & Human Rights

Hanover has a legal and moral obligation as a good and socially responsible service provider and employer to be fair and equitable in the treatment of its customers, employees and other stakeholders. Our Equality, Diversity and Inclusion champions have developed a programme of work linked to our Fair Work First requirements ensuring we are Equally Safe have met our legal obligations and our workforce is reflective of the communities and customer we support.

## Accounting Policies

The principal accounting policies are covered in detail in Note 1 of the Financial Statements on pages 37 - 44.

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## Revenue Reserves

The revenue reserve represents our accumulated surpluses. The long-term target is an average of 4% return on investment (ROI) which will be reviewed, in the course of 2025-26, as part of the development of our Growth Plan and our Treasury Review.

It is important to generate sufficient reserves to pursue Hanover's objectives and to ensure that the level is adequate to cover both known and unforeseen risks. Where possible, the potential cost of known risks is quantified to inform the annual review of the reserves policy. The Statement of Changes to Reserves is provided on page 32. It should be noted that these reserves are not fully cash backed as this would be considered an inefficient use of resources.

## Treasury Management

Hanover has an active treasury management function which operates in accordance with the Treasury Management Plan. A revised Framework was implemented in May 2023 with the key objective to manage risk on a cost-effective basis.

Hanover manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst optimising excess cash and liquid resources held. Hanover manages interest rate risk by utilising a high proportion of fixed interest debt. At 31 March 2025, 72.1% of the debt portfolio was at a fixed rate (2024: 88%). Phase 1 of a treasury review was completed during 2024-25. Phase 2 is now underway and will involve a short life working group made up of Board Members who will look at options aligned to plans for growth and investment plans and our new asset management strategy.

## Creditor Payment Policy

This policy's intention is to comply with the Confederation of British Industry guidelines, of payment within 30 days.

## Going Concern

The Board has, in the course of 2024-25, reviewed the financial performance and results for this year end. In addition, they have also reviewed the projections for the next five years. Stress testing and scenario planning has been undertaken and detailed financial forecasts have been provided.

Long-term financial forecasts have been updated to reflect the changes in the current operating environment due to the impact of current economic factors such as rising levels of National Insurance, cost of living, interest rates and varying levels of inflation.

An update to our five-year Business Plan was approved and provided resourcing plans for the delivery of the fourth year of our five-year corporate strategy. Hanover's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review on pages 6 to 22. The financial

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position of Hanover, its cash flows, liquidity position and borrowing facilities are described on pages 34 to 36 and notes 12 - 14 to the financial statements. The level of cash balances at the end of 2024-25 £3.7m had stayed broadly the same, loan draw downs supported increased levels of investment. A higher return on any surplus cash balances within the parameters detailed in the revised Treasury Management Framework is now being achieved whilst still ensuring there are sufficient funds available to meet the current liabilities as they fall due.

A £15m revolving credit facility is in place with £5m having been drawn from the original £20m facility. These funds will be sufficient to meet the development and investment requirements for the next two years. Therefore, Hanover continues to operate on a going concern basis.

Hanover has considerable financial resources together with long-term income from its customers, and the Board believe that Hanover is well placed to manage its business risks successfully despite the ongoing volatile economic environment. The legacy impact of COVID-19 and the volatile levels of inflation and ongoing high levels of interest being experienced means our short-term plans are continuously monitored and will be adapted to recognise any financial implications from the changing economic landscape.

The Board has a reasonable expectation that Hanover has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Outlook

Hanover continues to meet the challenges in relation to economic uncertainty, in the context of reductions in public sector spending, and remains committed to investment in the maintenance and upgrading of our customers' homes. On the basis of the assumptions used in the projections of income and expenditure, longer term plans over the next 30 years offer a satisfactory picture of viability.

# Risks

Hanover recognises the critical importance of monitoring and assessing the changes taking place in our operating environment and our risk register and map helps us assess the level of the main risks facing our organisation. Risk management is a continuous process, and risks are regularly reviewed by Executive Leadership Team, Audit Performance and Risk Committee and our Board. During the year, we took the opportunity to do a full review of our Risk Framework and Strategic Risk Register, ensuring full alignment with the 5-year Strategy. Key risks currently facing Hanover are set out on the next pages.

## Key Risks – Identified as High Risk

Key Risks Identified and Controls In Place	
<b>Housing Support Funding</b>  If Hanover is exposed to the withdrawal, or, potential withdrawal of housing support contracts then this could result in significant negative impacts such as financial viability and service sustainability the ultimate consequence of which could be customer homelessness.	Housing Support Programme Board in place, led by Director of Customer Services
	Framework to identify options for services in place
	Project plan in place for each impacted service to manage funding changes,
	Communication with relevant Local Authorities
	Regular update reports to Board
	Expert input procured to support projects as necessary eg. Housing benefit, consultation
<b>Economic Uncertainty</b>  If Hanover is unable to withstand current economic uncertainty, or, fails to ensure our rents and services are affordable then then this could be detrimental to the homes and services we would be able to offer	Rent Policy – which requires rent consultation & that an assessment of affordability is undertaken
	Annual rent consultation
	Service Charge/heating charge/mitigation package consultation - Service charges 24-25 agreed and in place
	Customer Satisfaction survey (value for money questions)
	Procurement policies and procedures which look to ensure best value
	Political lobbying ourselves and through our involvement with SFHA
	SFHA forums for networking and sharing of ideas.
	Treasury advisors and receive monthly treasury and market information. Updated treasury review completed and shared with Board in March 2025.

	Regular reviews our business plan and stress test and undertake scenario planning.
	We have fixed the majority of our loan portfolio (72.1%) to reduce our exposure to interest rate rises. Treasury review phase 1 complete which has resulted in relaxation of covenants for 24-25. Treasury review phase 2 being scoped @ Oct 24
	Tenant fuel fund implemented, and additional funding streams accessed
	Tenancy sustainment plan and energy advocacy service
	Fuel contract medium term (2yr) rather than long term
	External expert support - Inspired - to procure a MEAT contract
	New approach to targeting savings is underway and planning within the budget a change of covenant to EBITDA is planned for
	Full review of repairs in asset management is underway with a plan to improving efficiency and effectiveness within the team and achieve better value for money Rent Policy – which requires rent consultation & that an assessment of affordability is undertaken.
<p><b>Cyber Crime</b></p> <p>If Hanover is victim of Cyber Crime/ Ransomware, then the loss of access to all our systems would mean significant downtime/ business interruption</p>	Servers are backed up and copied offsite to Glasgow each night via Microsoft Data Protection Manager
	Anti-Virus is on all PC Clients and Remote Desktop Servers (reviewed every three years)
	Firewalls reviewed every four years to ensure that we are using technology and have security policies that are acceptable for Hanover.
	Email filtering software, Mimecast filters out many viruses, spam and dangerous emails according to the selected security policies.
	Annual penetration tests (TP provider) to prove the internet footprint we have is secure and not easily accessible from external sources
	Improved VPN security to digital tokens per session. Via Safe Pass and Cisco Any connect

	Mandatory Staff training on ICT security, making users aware of the importance ICT security across the organisation and how it can affect them
	ICT Audit recommendations are implemented
	Additional threat protection purchased via Mimecast
	Cyber risk assessment tool implemented
	External consultant instructed and a delivery plan drawn up
	Cyber essential plus accreditation in place
	Knowb4 Cyber Security mandatory training every month for all employees
	Highest assurance level gained for recent Cyber Security Audit
<p><b>Delivery of Strategy</b></p> <p>If Hanover fails to attract and retain employees with the right skills, knowledge and expertise needed to deliver our strategy, then this would have an adverse impact on service delivery.</p>	Pay review project - year 3 implementations in place
	Modern pay framework incorporating benchmarking and external evaluation process
	3 pay frameworks to reflect diverse aspects of our business
	Suite of updated pay and benefits policies and procedures
	People and engagement strategy approved (May 24 launch) action plan/programme board now in place to manage
	Telecare staffing model improved and stabilised
	Values framework to support behaviours embedded
	Code of conduct in place
	New employee performance framework Yr 1 complete
	Induction and onboarding processes embedded
	Leadership development programme phase 1 complete, 2nd cohort in planning for 2025
	Head of Care & Telecare recruited
	Team service reviews undertaken across the business
	People Committee embedded
	Recruitment and Resourcing Partner in place
	Scoping of HR systems and processes - identified gaps. Action plan for prioritising for the interim period

continued from the previous page

	Young Persons Forum in place
	Scottish Living Wage employer
	Wellbeing Award received from the HR network
	Our Voice employee forum in early stages
	Communications Plan in place
<b>Net Zero</b>  If we do not have a robust strategic plan with a clear annual action plan and targets in relation to net zero sustainability, then we may struggle to meet our internal and external targets which could have a negative impact on our ability to let stock and meet our regulatory requirements.	The Plan has now been written and approved by Board
	Head of Asset Management role now includes Sustainability
	Initial Carbon Footprint calculation has been completed
	Sustainability Co-ordinator in post
	E-learning developed and launched
	ESG report for 2024 completed and action plan to address gaps in place
	Working with Pineapple Partnership, Scottish Gas, Royal Bank of Scotland and five other Housing Associations to identify a business case to unlock economies of scale, and provide a view of funding types and potential amounts to show how the cost of decarbonisation could be reduced.



# Statement of Responsibilities of the Board

The Co-operative and Community Benefit Societies Act 2014 requires the Board to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board is required to:

- Select suitable accounting policies and 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 being disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business; and
- Ensure a statement on Internal Financial Controls is prepared.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association.

The Board must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring that the Association's suppliers are paid promptly.

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

## Statement on Internal Financial Controls

1. The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:
  - The reliability of financial information used within the Association, or for publication.
  - The maintenance of proper accounting records; and
  - The safeguarding of assets against unauthorised use or disposition.
2. It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:
  - Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
  - Experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
  - Forecasts and budgets are prepared which allow the Management Team and Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term.
  - Monthly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate.
  - Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
  - All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
  - The Audit, Performance & Risk Committee receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken;

continued from the previous page

- Formal procedures have been established for instituting appropriate action to correct any weakness identified through internal and external audit reports.
- Significant risks are identified, evaluated and managed, as previously outlined on pages 19 to 22 of this review.

3. The internal auditor was appointed in 2023 for a three-year period, with option to extent for a further year. The second year of the programme of work, based on the Audit Needs Assessment and internal risk review, was completed in 2024-25. In addition to individual reports resulting from the ongoing programme of work, the internal auditor prepares an annual report for the Audit, Performance & Risk Committee each year. These arrangements are considered appropriate to the scale and range of the Association's activities and comply with the requirements contained in the Scottish Housing Regulator's Regulatory Advice Note: Internal Financial Controls and Regulatory Standards September 2014.
4. The effectiveness of Hanover's system of internal financial control has been reviewed by the Audit, Performance & Risk Committee. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.
5. The introduction of our new financial control framework has continued to be rolled out this year.

#### Auditor

A tender exercise is underway and the appointment of Hanover's auditors will be proposed at the Annual General Meeting.

On behalf of the Board

Board Member: Gary Devlin (Chairperson)

Date: 21 August 2025

# Independent Auditor's Report to the Members of Hanover, Scotland Housing Association Limited

## Opinion

We have audited the financial statements of Hanover, Scotland Housing Association Limited (the Association) for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 Association's affairs as at 31 March 2025 and of its income and expenditure for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the requirements of Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) regulation 2006 (as amended).

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director'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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors 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 is responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Matters on which we are required to report by exception

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

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

## Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 23, the Board 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 determines 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) regulation 2006 (as amended).

## Independent Auditor's Report to the Members of Hanover Scotland Housing Association Ltd. continued

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets.
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness.
- Evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias.
- Enquiries of management about litigation and claims and inspection of relevant correspondence.
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations.
- Analytical procedures to identify any unusual or unexpected trends or relationship;
- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud.

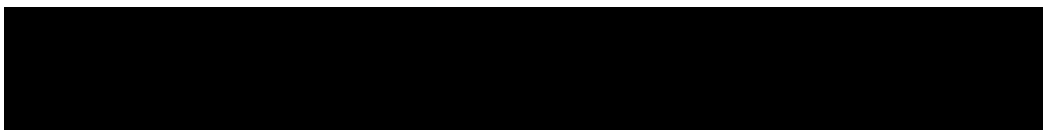
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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



### Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Shaw**

For and on behalf of Anderson Anderson & Brown Audit LLP, Statutory Auditor  
Eligible to act as auditor in terms of section 1212 of the Companies Act 2006  
Chartered Accountants, 81 George Street, Edinburgh EH2 3ES  
Date: 4 September 2025

# Independent Auditor's Report to the members of Hanover (Scotland) Housing Association Limited on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your statement on page 23 concerning the Association's compliance with the information required by Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

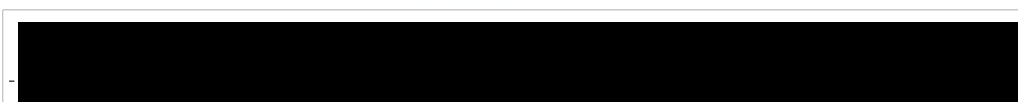
## Basis of Opinion

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

## Opinion

In our opinion the Statement on Internal Financial Control on pages 24 - 25 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

## Andrew Shaw



For and on behalf of Anderson Anderson & Brown Audit LLP, Statutory Auditor  
Chartered Accountants, 81 George Street, Edinburgh EH2 3ES  
Date: 4 September 2025

# Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Turnover	2	50,744	52,922
Less: Operating Costs	2	(47,555)	(49,682)
Gain on disposal of housing property		597	329
Loss on revaluation of investment property	9	(536)	-
Operating surplus		3,250	3,569
Interest receivable and other income	7	53	69
Interest payable and financing costs	8	(2,387)	(2,246)
Surplus before taxation		916	1,392
Taxation	22	1	(5)
Surplus for the year		917	1,387
Actuarial Gain / (Loss) on pension obligations	21	362	(1,977)
Total comprehensive income for the year		1,279	(590)

The results for the year relate wholly to continuing activities. The notes on pages 34 to 65 form part of these financial statements.

## Statement of Changes in Reserves

Income and Expenditure Reserve

	£'000
Balance at 31 <sup>st</sup> March 2023	44,514
Surplus from the Statement of Comprehensive Income	1,387
Other Comprehensive Income	
Actuarial gain in respect of pension schemes	(1,977)
Balance at 31 <sup>st</sup> March 2024	43,924
Surplus from the Statement of Comprehensive Income	917
Other Comprehensive Income	
Actuarial gain in respect of pension schemes	362
Balance at 31 <sup>st</sup> March 2025	45,203

# Statement of Financial Position

For the year ended 31 March 2025

Fixed Assets	Notes	2025 £'000	2024 £'000
<b>Non-Current Assets:</b>			
Intangible Assets	9	618	367
Housing properties	9	188,668	187,606
Other tangible fixed assets	9	3,749	4,972
Investment Property	9	1,176	-
Investment in subsidiary	25	1	1
Total		194,212	192,946
<b>Current Assets</b>			
Asset held for sale	10	164	-
Trade and other debtors	11	3,878	3,575
Cash and cash equivalents	12	3,715	3,593
Total		7,757	7,168
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year	13	(15,101)	(14,077)
Net Current Liabilities		(7,344)	(6,909)
Total Assets less Current Liabilities		186,868	186,037
Creditors: Amounts falling due after more than one year	14	(138,352)	(138,610)
Provisions	16	(4)	(2)
Defined benefit pension liabilities	21	(3,309)	(3,501)
Total Net Assets		45,203	43,924
<b>Capital and Reserves</b>			
Share Capital	15	-	-
Income and Expenditure Reserve		45,203	43,924
Total Reserves		45,203	43,924

The Board approved and authorised the financial statements for issue on 21 August 2025 and are signed on its behalf by:

Chairperson: Gary Devlin | Board Member: Margaret Whoriskey | Company Secretary: Wendy Russell

The notes on pages 34 to 65 form part of these financial statements.

# Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Net cash generated from operating activities	(i)	6,770	6,088
<b>Cash Flow from Investing Activities</b>			
Purchase of tangible fixed assets	9	(9,598)	(4,883)
Proceeds from sale of tangible fixed assets		1,011	661
Purchase of asset for resale	10	(164)	-
Grants received		516	136
Interest received		53	69
Net cash used in investing activities		(8,182)	(4,017)
<b>Cash Flow from Financing Activities</b>			
Interest paid		(2,217)	(2,175)
New loans		5,000	-
Repayments of borrowings		(1,249)	(1,376)
Net cash from financing activities		1,534	(3,551)
Net Increase / (Decrease) in cash		122	(1,480)
Opening cash at beginning of year		3,593	5,073
Closing cash at end of year		3,715	3,593

# Notes to the Cash Flow Statement

For the year ended 31 March 2025

(i) Reconciliation of surplus to net cash generated from operations	2025 £'000	2024 £'000
Surplus	917	1,387
Depreciation on Housing Properties	6,524	6,728
Depreciation on Other Fixed Assets	371	299
Amortisation of Intangible Fixed Assets	95	164
Amortisation of Capital Grants	(3,003)	(3,075)
Gain on disposal of assets	(597)	(329)
Loss on property valuation	536	-
Changes in owners' funds	(472)	(405)
Changes in service and heating charges	(669)	148
Deferred Finance Charge write down	29	29
Pension Past Service Deficit paid in year	2	(1)
Interest receivable	(53)	(69)
Interest paid	2,387	2,246
Taxation paid	(5)	(6)
Operating cash flows before movement in working capital	6,062	7,116
Decrease / (Increase) in trade and other debtors	(281)	(618)
Increase in trade and other creditors	989	(410)
Cash generated from operations	6,770	6,088

(ii) Analysis of net debt	at 31 <sup>st</sup> March 2024 £'000	Cash Flow £'000	Other Change £'000	at 31 <sup>st</sup> March 2025 £'000
Cash and short-term deposits	3,593	122	-	3,715
Debt due within one year	(1,374)	1,249	(1,280)	(1,405)
Debt due after one year	(36,342)	(5,000)	1,251	(40,091)
Total	(34,123)	(3,629)	(29)	(37,781)

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(iii) Reconciliation of net cash flow to movement in net debt	2025 £'000
Increase in cash and short-term deposits in the period	122
Increase in loans in the period	(3,780)
Change in net debt	(3,658)
Net debt at 1 April 2024	(34,123)
Net debt at 31 March 2025	(37,781)



# 1. Accounting Policies

Hanover is incorporated under the Co-operative and Community Benefit Societies Act 2014, is registered in Scotland with the Financial Conduct Authority and is classed as a public benefit entity under FRS102. Hanover's registered housing association number is 124 and its registered office is 95 McDonald Road, Edinburgh EH7 4NS.

## a) Going Concern

Hanover continues to conduct regular stress testing and forecasting and is confident that there will be no detrimental impact on loan covenants, liquidity or cash flows. Creditors due after more than 1 year remain high due to the liability that has realised with Hanover's exit from Lothian Pension Fund defined benefits scheme of £1.29m to be repaid over the remaining four-year period. This eliminates the risk of increased pension liabilities that being in the scheme presented. In addition, accruals and trade creditors were higher than the previous year due to the number of planned projects completed in the final quarter of the year.

Cash balances at the end of 2024-25 were lower than last year at £3.59m and sufficient to meet current liabilities due. There remains £20m of undrawn funding available to meet the commitment over the next five year and therefore, Hanover continues to operate on a going concern basis.

## b) Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The financial statements are prepared in £ sterling and are rounded to the nearest £'000 unless otherwise stated.

## c) Accounting judgements and estimations of accounting

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors.

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, using both internal and external advice. See note f) v) for depreciation information.

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Judgements have been made in determining the Association's share of the underlying assets and liabilities of the SHAPS defined benefit scheme, the valuations prepared by the Scheme actuaries includes estimations in relation to life expectancy, salary growth, inflation and the discount rate on corporate bonds (details as per note 20). Variations in these estimations may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 20). The net defined benefit pension liability as at 31 March 2025 was £3.5m. Our commitment to the SHAPS Growth Plan, of £1.6k per annum over the next year has been discounted at a rate of 5.31%, amounting to a net present value of £1.6k.

Following SORP 2018 guidance, any gains or losses arising on the disposal of replacement components are recognised within operating surplus. These are disclosed separately from operating costs.

The former Arklet housing properties is valued on the basis of estimated use value for social housing (EUV-SH) which uses a significant level of estimation by the valuer. These properties will be subject to a triennial revaluation where future variations in rent levels may impact on valuations.

#### **d) Turnover and Revenue Recognition**

Turnover represents rental and service charge income receivable, income from the sale of housing properties are recognised in the period in which they are due. Fees and revenue based grants receivable from Local Authorities and Scottish Government, and charges to Hanover Telecare service users are recognised in the period to which services were provided. Grant income is recognised when all conditions have been met and Hanover is entitled to the income.

#### **e) Social Housing Grant and Other Grants**

For developments under the terms of the Housing (Scotland) Act 2010, Housing Association Grant (HAG) is paid directly to Hanover as required to meet its liabilities during the development process.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model. These are held as deferred capital grants.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation. Other grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

## f) Housing Properties and Depreciation

- i) Housing properties are properties for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development expenditure and interest charged on the funds used to finance housing projects in the development period less depreciation.
- ii) Works to existing properties will generally be capitalised under the following circumstances: where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to operating costs within the Statement of Comprehensive Income.
- iii) The major components are deemed to be: Land, Structure, Roof Structure and Coverings, Bathrooms, Kitchens, Doors, Windows, Lifts, Intercom/Door Entry, Radiators/Pipework, Storage Heating, Boilers and Smoke Alarms. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in note f) v.
- iv) Reviews for impairment indicators of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income. Indicators of impairment can be: contamination of land; a change in government policy that has a material impact on the net income; a change in demand with a material increase in the level of voids; or obsolescence of a property. If there is an indication of impairment, the carrying amount of the asset should be compared to the recoverable amount. If the recoverable amount is lower than the carrying value, Hanover will need to record an impairment. The recoverable amount is the higher of value in use of the asset, based on its service potential, and fair value less costs to sell.

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- v) Depreciation is charged on a straight-line basis over the expected economic useful lives of each major component that makes up the housing property, not including land, as land is not depreciated, as follows:

Component	Useful Economic Life	Component	Useful Economic Life
Structure	60 years	Kitchens	20 years
Roof Structure	60 years	Lifts	20 years
Radiators and Pipework for Commercial Boilers	40 years	Commercial Boilers	20 years
Roof Covering	35 years	Biomass Boilers	20 years
Windows	30 years	Boilers	15 years
Radiators/Pipework	30 years	Storage Heating	15 years
External Doors	30 years	Intercom / Door Entry	15 years
Bathrooms	30 years	Smoke Alarms	10 years

- vi) The Shared Equity properties reflect the Hanover's 30% interest share in two shared equity developments. This 30% share reflects the value of the Housing Association Grant received from the then Scottish Office and remains the property of Hanover in perpetuity. The properties are stated at cost less accumulated depreciation. Shared Equity and Shared Ownership properties are depreciated over 60 years.
- vii) Strictly attributable development staff and administration costs relating to development activities are capitalised based on an apportionment of staff time spent on this activity.
- viii) Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of the property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.
- ix) Properties, which are no longer in use and are marketed for sale as at 31 March, are held as assets for sale at their estimated realisable sale value net of disposal costs.
- x) Gains or losses arising on the disposal of replacement components are recognised within operating surplus. These are disclosed separately from operating costs.

## g) Other Fixed Assets

Other fixed assets purchased that are over the value of £1,000 are capitalised.

Depreciation is calculated to write down the cost of other fixed assets on a straight-line basis over the expected useful lives at the following rates:

Office premises: 2% - 15%

Garages: 7%

Equipment: 20% – 25%

## h) Intangible Fixed Assets

All intangible assets are considered to have a finite useful life. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights but can be shorter depending on the period over which the entity expects to use the assets. Intangible assets are depreciated on a straight-line basis at 20% per annum. This depreciation charge is included within the Association's operating costs.

## i) Fund for Replacement of Scheme Equipment – Owner Occupiers

Transfers are made from the service charge to replace items of scheme equipment based on current replacement costs and estimated lives. The fund is included in deferred income and is split into amounts falling due within one year and after more than one year, based on budgeted figures for the following year.

## j) Fund for Repairs and Replacement Equipment – Owner Occupiers

Transfers are made from the service charge to meet the cost of future repairs on owner occupied developments based on current repairs and replacement costs and estimated lives. The fund is included in deferred income and is split into amounts falling due within one year and after more than one year, based on budgeted figures for the following year.

## k) Service Equalisation Accounts – Tenanted Properties

Hanover maintains Service Charge Equalisation accounts for tenanted properties. These accounts hold the under/over recovery of costs at the tenanted developments and are recognised in debtors / long term creditors respectively.

## l) Reserves Policy

Hanover will build up sufficient reserves to keep it financially viable to enable it to achieve its overall aims. This requirement is reviewed annually. Hanover will maintain any risk reserve which is considered necessary in accordance with the policy on risk management.

## m) Income and Expenditure Reserve

The reserve, which is not cash backed, is held to meet any unforeseen risks encountered by the Hanover. The Board regularly considers the target level on a risk management basis and the future expected use of this reserve (see Revenue Reserves page 17).

## n) Operating Leases

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

## o) Taxation Policy

Hanover pays corporation tax on its non-charitable activities. As a Registered Social Landlord, Hanover is exempt from payment of corporation tax on its social letting activities.

## p) Value Added Tax

Hanover is VAT registered. However, a large proportion of the income, namely rents and service charges, are exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

## q) Retirement Benefits

The Board made the decision that from 1 April 2016 the Scottish Housing Associations' Pension Scheme (SHAPS), which was a defined benefit scheme, would be closed for Hanover staff and all participating staff would be moved to the SHAPS defined contribution option.

Retirement benefits to employees are funded by contributions from employers and employees in the schemes. The amount charged to the Statement of Comprehensive Income in respect of the defined contribution scheme are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Hanover exited the Lothian Pension Fund scheme on 7 October 2021, the final cessation results showed a deficit of £2.58m. It was agreed that this would be paid over a period of eight years. The remaining balance resides within Creditors due within 1 year (£323k) and Creditors due after 1 year (£1.29m).

Hanover is able to identify its share of the scheme assets and liabilities for the Scottish Housing Association Pension Scheme (SHAPS) defined benefit scheme. The scheme

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assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

As at the year ended 31 March 2025, the net defined benefit pension deficit liability was £3.3m, which has been included within the provisions for pensions liability in the financial statements. In the year ended 31 March 2025, the current service cost and costs from settlements and curtailments are charged against the operating surplus. Past service costs are recognised in the current period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 20 for more details. For the Pensions Trust's Growth Plan, it is not possible for the Hanover to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. The estimated future liability for the Past Service Deficit is held as a provision and is shown in note 16.

For the Pensions Trust's Growth Plan, it is not possible for the Hanover to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme. The estimated future liability for the Past Service Deficit is held as a provision and is shown in note 16.

## r) Financial Instruments

Hanover has elected to apply the provisions of Section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when Hanover becomes a party to the contractual provisions of the instrument and are offset only when a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### *Financial Assets – Debtors*

Debtors, which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor

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over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

#### *Financial Liabilities – Trade Creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payment discounted at a market rate of interest for a similar instrument.

#### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash at bank and in hand and short-term deposits maturing within one year.

### **s) Provisions**

Provisions are recognised when Hanover has an obligation at the reporting date as a result of a past event, which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### **t) Investment Property**

Investment property is held to earn rental income, for capital appreciation or both. These are carried at their fair values, based on annual market valuations as determined by independent valuers. Any gain or loss on revaluation is recognised in the Statement of Comprehensive Income.



## 2. Turnover, Operating Costs and Operating Surplus

	Notes	Turnover £'000	Operating costs £'000	2025 Operating Surplus £'000	2024 Operating Surplus £'000
Social Lettings	3a	42,497	(39,319)	3,178	2,950
Other Activities	3b	8,247	(8,236)	11	290
		50,744	(47,555)	3,189	3,240
Gain on disposal of housing property		597	-	597	329
Loss on property revaluation	9	(536)	-	(536)	-
Total for 2025		50,805	47,555	3,250	3,569
Total for 2024		53,251	49,682	3,569	

### 3a. Income and Expenditure from Affordable Letting Activities

	General Needs Housing £'000	Supported Housing Accommodation £'000	Shared Equity & Ownership Accommodation £'000	Total 2025 £'000	Total 2024 £'000
Rent receivable net of Identifiable Service Charges	2,680	22,297	70	25,047	23,545
Service Charges receivable	290	15,443	-	15,733	18,066
Gross income from rents & service charges	2,970	37,740	70	40,780	41,611
Less: Voids	(72)	(1,336)	-	(1,408)	(1,422)
Net income from rents & service charges	2,898	36,404	70	39,372	40,189
Other Revenue Grants	-	129	-	129	150
Grant released from deferred income	445	2,531	20	2,996	3,068
Total turnover from affordable letting activities	3,343	39,064	90	42,497	43,407
Management & maintenance administration costs	755	7,055	20	7,830	7,463
Service costs	226	14,944	-	15,170	17,473
Planned and cyclical maintenance including major repairs costs	344	4,076	-	4,420	4,234
Reactive maintenance costs	392	4,438	-	4,830	4,193
Bad debts - rents and service charges	65	430	51	546	366
Depreciation of affordable housing	902	5,591	30	6,523	6,728

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### 3a. Income and Expenditure from Affordable Letting Activities (continued)

Operating Costs for affordable letting activities	2,684	36,534	101	39,319	40,457
Operating Surplus / (Deficit) for affordable letting	659	2,530	(11)	3,178	2,950
Operating Surplus for affordable letting for previous period of account	547	2,378	25	2,950	

### 3b. Turnover, Operating Costs and Operating Surplus/(Deficit) from Other Activities

	Other Revenue Grants £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Other Operating Costs £'000	2025 Surplus/ (Deficit) for the Year £'000	2024 Surplus/ (Deficit) for the Year £'000
Factoring	-	-	1,344	1,344	(1,344)	-	-
Support Activities	-	1,261	-	1,261	(1,235)	26	51
Care Activities	-	-	3,208	3,208	(3,341)	(133)	(17)
Telecare	-	-	1,854	1,854	(1,848)	6	188
Stage 3 Adaptations	259	-	-	259	(259)	-	-
Other Activities*	-	-	321	321	(209)	112	68
Total from Other Activities	259	1,261	6,727	8,247	(8,236)	11	290
Total from Other activities for year ended 31 March 2024	407	1,193	7,915	9,515	(9,225)	290	

\*Under other activities – no single activity exceeds £250k or 5% of turnover.

## 4. Key Management's Emoluments

Key management personnel (KMP) are defined as the members of the Board, the directors, the Chief Executive and any other person reporting directly to the directors or the Board. The KMP consist of the Chief Executive and the Directors, as noted on page 1.

	2025 £'000	2024 £'000
Total emoluments for the above key management personnel (excluding pension contributions and benefits in kind):	518	470
The emoluments (excluding pension contributions) of the Chief Executive amounted to:	140	135
The total emoluments payable to the highest paid member of the key management personnel amounted to:	151	145

The number of key management personnel, who received emoluments (excluding pension contributions) were within the following ranges:	2025 No. of Key Mgt Personnel	2024 No. of Key Mgt Personnel
£0 to £80,000	2	1
£80,001 to £120,000	3	3
£120,001 to £150,000	1	1

Hanover has made pension contributions of £40,371 (2024: £36,414) on behalf of those key management personnel including £11,064 (2024: £10,605) to the highest paid.

The Board had a membership of 11 as at 31 March 2025 and a maximum of 12 members during the year. No payment of fees or other remuneration was made to the members during the year.

	2025 £'000	2024 £'000
Total expenses reimbursed to the Chief Executive insofar as not chargeable to UK Income Tax:	-	-
Total expenses incurred on behalf of Board Members who were neither officers nor employees of Hanover amounted to:	6	2

## 5. Employee Information

	2025 No.	2024 No.
The average monthly FTE number of persons (including key management personnel) employed in the year was:	447	454
The average number of persons (including key management personnel) employed in the year was:	576	594

Staff costs (including key management personnel emoluments)	2025 No.	2024 No.
Wages and salaries	15,667	14,885
Social security costs	1,369	1,272
Pension costs	709	658
BUPA	-	1
	17,745	16,816

Payments to the value of £231,000 (2024: £130,894), in respect of redundancy costs, are included within the totals for staff costs.

Average FTE Employees per Month			
Apr-24	459	Oct-24	446
May-24	458	Nov-24	444
Jun-24	452	Dec-24	435
Jul-24	457	Jan-25	436
Aug-24	452	Feb-25	434
Sep-24	451	Mar-25	433

## 6. Operating Surplus

Key management personnel (KMP) are defined as the members of the Board, the directors, the Chief Executive and any other person reporting directly to the directors or the Board. The KMP consist of the Chief Executive and the Directors, as noted on page 1.

	2025 £'000	2024 £'000
Operating surplus is stated after charging/(crediting):		
Depreciation (exc Intangible Assets)	6,895	7,027
Amortisation on Intangible Assets	95	164
Grant amortisation	(3,003)	(3,075)
Repairs: cyclical, planned, day to day	9,250	8,428
External auditors' remuneration – audit services	30	37
Internal auditors' remuneration	18	23
Hire of plant and machinery - rentals payable under operating leases	506	313

## 7. Interest Receivable and Other Income

	2025 £'000	2024 £'000
Interest receivable on bank deposits	53	69

## 8. Interest Payable and Similar Charges

	2025 £'000	2024 £'000
Housing loans:		
On loans from banks and building societies repayable in more than 5 years	2,207	2,159
	2,207	2,159
Interest on owner occupier funds	10	16
Net return on pension assets	170	71
	2,387	2,246

## 9. Fixed Assets

	Social Housing Properties				
	Held for Letting £'000	Shared Ownership £'000	Shared Equity £'000	WIP Properties/ Components £'000	Total Housing £'000
<b>Cost</b>					
At 1 <sup>st</sup> April 2024	304,677	849	1,059	528	307,113
Additions in the year	5,901	-	-	2,491	8,392
Transfers in the year	487	-	-	(487)	-
Disposals in the year	(2,119)	(136)	-	-	(2,255)
At 31 <sup>st</sup> March 2025	308,946	713	1,059	2,532	313,250
<b>Depreciation</b>					
At 1 <sup>st</sup> April 2024	118,772	67	668	-	119,507
Provided during year	6,493	13	18	-	6,524
Disposals in the year	(1,390)	(59)	-	-	(1,449)
At 31 <sup>st</sup> March 2025	123,875	21	686	-	124,582
<b>Net book value</b>					
at 31 <sup>st</sup> March 2024	185,905	782	391	528	187,606
at 31 <sup>st</sup> March 2025	185,071	692	373	2,532	188,668

	Heritable Office Property £'000	Computer & Leased Equipment £'000	Total Other £'000	Intangible Fixed Assets £'000
<b>Cost</b>				
At 1 <sup>st</sup> April 2024	7,125	2,487	9,612	1,741
Additions in the year	455	406	861	346
Transfers to investment property	(2,881)	-	(2,881)	-
At 31 <sup>st</sup> March 2025	4,699	2,893	7,592	2,087
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2024	2,754	1,886	4,640	1,374
Provided during year	152	219	371	95
Transfer to investment property	(1,168)	-	(1,168)	-
At 31 <sup>st</sup> March 2025	1,738	2,105	3,843	1,469
<b>Net book value</b>				
at 31 <sup>st</sup> March 2024	4,371	601	4,972	367
at 31 <sup>st</sup> March 2025	2,961	788	3,749	618

## 9. Fixed Assets (continued)

- a) Hanover received £259,128 (2024: £406,723) in the year in respect of Housing Association Grant for Adaptations of which £259,128 (2024: £406,723) has been treated as revenue and £nil (2024: £nil) was capitalised in the Statement of Financial Position. No grants were received in the year for Major Repairs.
- b) Notwithstanding the required accounting in the Statement of Financial Position, Hanover undertook a programme of property valuations in 2021. The average value of each unit was £29,340, using the existing use criteria. This compares to an average net book value of £19,239 per unit at 31 March 2025.
- c) For major repairs during the year Hanover spent £12.0m (2024: £7.8m): £8.3m (2024: £4.4m) was capitalised for replacement components; and £3.7m (2024: £3.4m) was expensed through operating costs in the Statement of Comprehensive Income. £Nil (2024: £nil) of additions relate to improvements.
- d) Development administration costs capitalised in the year amounted to £Nil (2024: £Nil).
- e) Interest capitalised in the year amounted to £Nil (2024: £Nil). Interest capitalised is in respect of the interest paid on loans used specifically for new development expenditure. Interest capitalised was 0% of total loan interest (2024: 0%).
- f) No Land or Buildings included in Fixed Assets are held on a lease or managed by other association bodies.
- g) Included in fixed assets is land of £22,522k which is not depreciated.
- h) Investment Property

	£'000
Valuation	
At 1 April 2024	-
Transfer from tangible fixed assets	1,712
Revaluation	(536)
At 31 March 2025	1,176
Net Book Value	
At 31 March 2024	-
At 31 March 2025	1,176

The investment property was valued by an independent valuer during the year and is stated at fair value. Its depreciated cost would be £1,782k if not revalued. The loss on property valuation is shown in the Statement of Comprehensive Income.



## 10. Asset Held for Sale

Shares in 2 Trust Tenure properties were purchased during the year; one at Roseburn Court, Edinburgh and one at Drumcastle Court, Dunblane. Hanover previously held a 30% share of these properties. Hanover has purchased the remaining 70% share and the whole 100% will be sold as fully owned properties. This will be carried out as part of the exit strategy from Factoring Services. The asset cost held in the Statement of Financial Position at 31 March 2025 was £164k.

## 11. Debtors

Key management personnel (KMP) are defined as the members of the Board, the directors, the Chief Executive and any other person reporting directly to the directors or the Board. The KMP consist of the Chief Executive and the Directors, as noted on page 1.

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Rental debtors	1,033	1,034
Less: bad debt provision	(290)	(172)
	743	862
HAG receivable	24	2
Owners service charge balances	74	118
Tenants service charge Balances	580	680
Tenants heating charge Balances	65	49
Other debtors	927	894
Prepayments and accrued income	1,465	970
	3,878	3,575

## 12. Cash and Cash Equivalents

	2025 £'000	2024 £'000
Cash and cash equivalents	3,715	3,593

### 13. Creditors: Amounts Falling Due Within One Year

	2025 £'000	2024 £'000
Loan repayments: instalments of principal (see note 14)	1,405	1,374
Deferred capital grants (see note 17)	2,973	3,008
Owners' funds (see note 14)	103	575
Owners service charge balances	75	397
Corporation Tax	-	5
Other taxation and social security	353	346
Development 'work in progress' accruals	-	55
Accruals and deferred income	4,893	3,625
Rent in advance	799	651
Lothian Pension Fund cessation	323	323
Trade creditors	4,177	3,718
	15,101	14,077

### 14. Creditors: Amounts Falling Due After More Than One Year

	2025 £'000	2024 £'000
Loans	40,091	36,342
Deferred capital grants (see note 17)	92,141	95,479
Tenants Service Charge Balances	4,107	3,832
Tenants Heating Charge Balances	1,044	1,666
Lothian Pension Fund cessation	969	1,291
	138,352	138,610

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Hanover's only debt constitutes loans as detailed below. Deferred finance costs of £275k (2024: £304k) have been offset against the loans.

Loans are secured by fixed charges of Hanover's properties and interest is payable at:

- i. Fixed rates between 3.52% and 6.64% (2024: between 3.52% and 6.64%)
- ii. Owners' funds receive interest of 1.7% (2024: 1.6%)

	2025 £'000	2024 £'000
Loan instalments are due as follows:		
Within one year (note 13)	1,405	1,374
Between one and two years	1,437	1,402
Between two and five years	8,946	4,206
In over five years	29,708	30,734
	41,496	37,716

	Balance at 31/03/24 £'000	Expenditure in year £'000	Provided in year £'000	Transfers in year £'000	Balance at 31/03/25 £'000
Owners' Fund					
Owners' replacement of scheme equipment	130	-	10	(130)	10
Owner occupier repairs	445	(32)	240	(560)	93
	575	(32)	250	(690)	103
Split as follows:					
Less than one year and included in note 13	(575)				(103)
More than one year	-				-

## 15. Share Capital

	2025 No.	2024 No.
Opening share capital	278	360
Shares allocated during the year	3	10
Shares relinquished during the year	(35)	(92)
Closing share capital	246	278

Each member of Hanover 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 Hanover. Each member has a right to vote at members' meetings. Shares are fully paid as at 31 March 2025.

## 16. SHAPS Growth Plan Pension Provision

	2025 £'000	2024 £'000
Balance at start of year	2	3
Utilised in the year	(2)	(1)
Remeasurement	4	-
Unwinding of discount	-	-
Balance at end of year	4	2

The amount held within this provision represents an estimate of the future liability in respect of the Past Service Deficit of the SHAPS Growth Plan Scheme payable over the next year.

## 17. Deferred Capital Grants

	2025 £'000
<b>Grant</b>	
As at 1 April 2024	182,571
Grant received in the year	538
Grant repaid / abated in the year	(1,003)
As at 31 March 2025	182,106

<b>Amortisation of Grant</b>	
As at 1 April 2024	84,084
Grant released during the year	3,003
Disposals / abatements	(95)
As at 31 March 2025	86,992

Net book value at 31 March 2024	98,487
Net book value at 31 March 2025	95,114

<b>Shown as:</b>	
Amount to be released within one year	2,973
Amount to be released after more than one year	92,141

## 18. Financial Instruments

As at 31 March 2025, Hanover held the following financial assets and liabilities:

	£'000
Financial assets measured at amortised cost	6,553
Financial assets measured at fair value	-
Total financial assets	6,553

	£'000
Financial liabilities measured at amortised cost	57,187
Financial liabilities measured at fair value	-
Total financial liabilities	57,187

## 19. Capital Commitments

Housing expenditure contracted less certified at 31 March 2025 amounted to £0.3m (2024: £Nil). Expenditure authorised by the Board but not contracted at 31 March 2025 amounted to £nil (2024: £nil). Furthermore, the Board has authorised expenditure on capitalised major repairs and replacement components amounting to £4.6m (2024: £4.3m).

In addition, the Board has authorised expenditure on other fixed assets amounting to £0.3m (2024: £1.2m), which includes the purchase of computer equipment and software.

A £20m revolving credit facility is in place to finance future commitments of which £15m remained undrawn at 31 March 2025.

## 20. Leasing Commitments

	2025 No.	2024 No.
Amounts due:		
Within one year	512	486
Between one and five years	2,048	1,945
	2,560	2,431

The operating leases are in relation to the lease of laundry equipment.

## 21. Pension Commitments

The Board made the decision that from 1 April 2016 the Scottish Housing Associations' Pension Scheme (SHAPS), which was a defined benefit scheme, would be closed for Hanover staff and all participating staff would be moved to the SHAPS defined contribution option.

All participating staff were moved to the SHAPS defined contribution option or the Group Personal Pension Scheme.

The assets of the schemes are held separately from those of Hanover and employer contributions to the schemes are charged to operating costs, so as to spread the costs of pensions over employees' working lives with Hanover. The contributions are determined by a qualified actuary on the basis of triennial valuations.

### Scottish Housing Associations Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan has been put in place to eliminate the deficit which ran to September 2022.

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September each year. The liability figures from this valuation were rolled forward to the relevant accounting dates.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting to the relevant accounting dates.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to assets to calculate company's net deficit or surplus. The SHAPS net deficit as at 31 March 2025 is £3.309m (2024: £3.501m). The estimate of total contributions payable by Hanover in 2024/25 to the SHAPS scheme is £nil.

#### Principal actuarial assumptions at the balance sheet date

	2025 p.a.	2024 p.a.
Discount rate	5.77%	4.87%
Inflation (RPI)	3.11%	3.19%
Inflation (CPI)	2.78%	2.76%
Salary Growth	3.78%	3.76%

Fair value of employer assets	2025 £'000	2024 £'000
Equities	19,251	19,973
Bonds	-	-
Property	4,072	3,856
Cash	715	2,671
Total Estimated Employer Assets	24,038	26,500



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Movement in deficit during the year	2025 £'000	2024 £'000
Deficit in scheme at beginning of year	(3,501)	(1,453)

Movements during the year:		
Expenses	(45)	(43)
Contributions paid	45	43
Other finance costs	(170)	(71)
Actuarial gain / (loss)	362	(1,977)
Deficit at the year end	(3,309)	(3,501)

The amounts recognised in the balance sheet are as follows:

Principal actuarial assumptions at the balance sheet date	2025 £'000	2024 £'000
Present value of funded liabilities	(27,347)	(30,001)
Fair value of employer assets	24,038	26,500
Net Liability	(3,309)	(3,501)

Expense recognised in the statement of comprehensive income

Fair value of employer assets	2025 £'000	2024 £'000
Expenses	(45)	(43)
Net interest on net defined benefit obligations	(170)	(71)
	(215)	(114)

The expense is recognised in the following line items in the statement of comprehensive income

Movement in deficit during the year	2025 £'000	2024 £'000
Current service costs in operating costs	47,555	49,682
Net interest in interest payable and financing costs	2,387	2,246

The total amount recognised in the statement of comprehensive income in respect of actuarial changes

	2025 £'000	2024 £'000
Actuarial gains / (losses)	362	(1,977)

Movements in present value of Defined benefit obligation	2025 £'000
Opening defined benefit obligation	30,001
Expenses	45
Interest cost	1,425
Actuarial gains	(2,627)
Estimated benefits paid	(1,497)
Closing defined benefit obligation	27,347

Movements in the fair value of plan assets are as follows:	£'000
Opening fair value of employer assets	26,500
Expected return on assets	1,255
Contributions by members	-
Contributions by the employer	45
Contributions in respect of unfunded benefits	-
Actuarial losses	(2,265)
Estimated unfunded benefits paid	-
Estimated benefits paid	(1,497)
Closing fair value of employer assets	24,038

## Growth Plan

Hanover participates in the Pensions Trust's Growth Plan (the Plan). This is a multi-employer scheme. The scheme is a defined benefit scheme in the UK. It is not possible to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

Hanover offers the Plan as an AVC investment option for members of the SFHA Pension Scheme. The members pay contributions at a rate of their choice. Hanover does not pay any contributions to the Plan.

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 Hanover 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.

A full actuarial valuation for the scheme was carried out at 30 September 2024. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme. The scheme's previous valuation was carried out with an effective date of 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme. The recovery plan contributions are allocated to each participating employer in line with their estimated share of scheme liabilities. As at the balance sheet date, there were 2 active members of the Plan employed by Hanover. Hanover continues to offer membership of the Plan to its employees.

Where the scheme is in deficit and where Hanover has agreed to a deficit funding arrangement Hanover recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate of 4.84% (2024: 5.31%). The discount rate used is the equivalent single discount rate which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions. The unwinding of the discount rate is recognised as a finance cost. At 31 March 2025 the present value of the Hanover's share of the deficit funding was £4.1k. This is held within provisions in the SOFP. This liability will be paid over the next year. The amount to be paid in 2025/26 is £1.5k.

## 22. Taxation

UK Corporation Tax Refund / (Charge)	2025 £'000	2024 £'000
Based on the results for the year	1	(5)
Total Current tax	1	(5)

Factors affecting tax charge for the year		
Surplus / (Deficit) on ordinary activities before taxation	916	1,392
Expected tax charge at 19% (2024: 19%)	(174)	(264)

Exempt charitable activities	175	259
Current tax refund / (charge)	1	(5)

## 23. Housing Stock

The number of units in management as at 31 March 2025, was as follows:

UK Corporation Tax Refund / (Charge)	2025 No.	2024 No.
Rented - General needs housing	456	463
Rented - Supported housing accommodation	4,260	4,268
Shared ownership	12	23
Shared equity	81	82
Owner occupied	50	1,064
Totals	4,859	5,900

The number of units managed by others as at 31 March 2025, was as follows:

	2025 No.	2024 No.
Shared ownership	10	-
Shared equity	23	23
Totals	33	23

[continued from the previous page](#)

In both above arrangements there is no cost to Hanover, Scotland Housing Association Limited for leasing properties to the respective lessors.

8 rented units were sold in the year with sale proceeds of £852k and a gain on disposal of £972k. 3 shared ownership units were sold in the year with sale proceeds of £204k and a gain on disposal of £77k.

The gains are recognised within the Statement of Comprehensive Income.

There were no units in development as at 31 March 2025.

## 24. Average Annual Scottish Secure Tenancy Rents

	2025 £	2024 £
Average annual Scottish secure tenancy rents for housing accommodation	5,200	4,906

	%	%
Percentage increase from previous year	5.64	4.57%

	No.	No.
Number of Scottish secure tenancies	4,573	4,506

## 25. Group Structure

Hanover Scotland Housing Association has the following wholly owned subsidiary undertaking. As part of the transfer of engagements with Arklet Housing Association in November 2019, Arklet Homes Limited a wholly owned subsidiary was also transferred. The registered office of the subsidiary is Barrland Court, Barrland Drive, Giffnock. Companies House registration number is SC268847.

Year ended 31 March 2025	Reserves £	Profit / (Loss) £
Arklet Homes Limited	1,000	-

## 26. Related Party Transactions

There were no related party transactions in the year.

## 27. Contingent Liabilities

The Board is not aware of any contingent liabilities as at 31 March 2025 and no other liabilities have emerged since.

## 28. Post Balance Sheet Events


The Board is not aware of any post balance sheet events, which affect Hanover as at 31 March 2025.



## Get in touch:

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