



HORIZON HOUSING ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

Financial Conduct Authority Number: 1827R (S)

Scottish Housing Regulator Registration Number: HEP 128

Registered Scottish Charity Number: SC011534

HORIZON HOUSING ASSOCIATION

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HORIZON HOUSING ASSOCIATION

ASSOCIATION INFORMATION

Board Members	J Pritchard C Baird F Wood R Docking I Harrington D Theakstone R Statt M Kane L Bain A Calusa O Lindsay E McCaffery E Kotrys J Turner	(Appointed August 2024) (Appointed February 2025) (Appointed May 2025)
Secretary	M Driscoll	
Registered office	Leving House Fairbairn Place Livingston EH54 6TN	
Auditor	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL	
Internal auditor	TIAA Artillery House Fort Fareham Industrial Site Fareham PO14 1AH	
Bankers	Clydesdale Bank 2-4 Royal Exchange Square Glasgow G1 3AB	

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2025

The Board presents its report for the year ended 31 March 2025.

Principal activities

The principal activity of Horizon Housing Association Limited ("Horizon") is to provide and promote affordable, accessible housing and related services for people to be able to live independently in the community. Horizon is registered with the Financial Conduct Authority as a Cooperative and Community Benefit Society, the Office of the Scottish Charities Regulator (OSCR) as a Scottish charity and the Scottish Housing Regulator as a Registered Social Landlord. Horizon is a member of the Link Group of companies.

During the year, L Cameron, the Chief Executive at Horizon Housing association, resigned and on 6 January 2025 M Driscoll was appointed to the post.

OUR VISION, MISSION, AND STRATEGIC OBJECTIVES

Horizon's vision is to have inclusive, sustainable communities where everyone has a home that meets their needs and enables them to live independently. Horizon's purpose is to promote and provide affordable, accessible housing and services that enable people, irrespective of impairment, to live full independent lives in the community of their choice.

The values of inclusion underpin and shape Horizon's work and decision-making in what we do. How we do it, is driven by the broader values of Link Group which are:

- Responsibility - We all take responsibility for our actions.
- Empathy - We work hard to understand how people feel as individuals and treat them with dignity.
- Social Impact - We strive to ensure there is a positive social impact from our activities and work with others who share our aims.
- Participate - We are proactive in providing opportunities for people to engage with us and help us improve our services.
- Equality - We are all equal and different and we aim to provide inclusive environments for work and for living.
- Challenge - We challenge ourselves and others towards excellence and innovation in all we do.

Transparency - We wish to be open and honest about what we do and how we do it.

Horizon's 6 strategic objectives are:

1. Provide quality homes and services at the right price for tenants.
2. Help deliver more accessible homes across Scotland.
3. Work with Link Group Partners to achieve Horizon's vision.
4. Develop and support initiatives which keep and enable older and disabled people to live in their community, tackling inequalities.
5. Ensure the business and services are sustainable, efficient and deliver social value.
6. Work to address the climate emergency.

With aspirations for:

- Inclusive, accessible homes and communities.
- Warmer, affordable, efficient homes, promoting a zero-carbon agenda and sustainable tenancies, properties, and services.
- Knowing our costs and demonstrating value for money.
- Responsive, flexible services offering self-serve and easy access to services and support.
- Systems that support our business: quick easy access to information.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The objectives are designed to deliver the following outcomes:

- Tenants and owners have well designed and maintained homes and environments where they feel safe and secure.
- Tenants maintain their tenancies and get the help they need to manage challenges and change.
- Disabled people and older people can live independently in homes adapted to enable this where necessary.
- Disabled people have more choice and control about where and how they live and are active participants in inclusive communities.
- Tenants, staff, board members and volunteers are supported to fulfil their potential.
- Developments and ways of working are informed and influenced by a sustainability and net zero strategy.

OPERATING AND FINANCIAL REVIEW

Financial Performance

The financial statements are prepared in accordance with the Statement of Recommended Practice 2018 (SORP) for Social Housing Providers. Horizon Housing Association Limited ("Horizon") achieved a total comprehensive income for the year to 31 March 2025 of £878k (2024: £26k).

Turnover has increased from last year to £6.0m (2024: £5.3m) and Operating Costs have increased from last year to £4.9m (2024: £4.6m). The increase in turnover is due to increases in rents and a new partnership with Richmond Fellowship. The increase in costs is due to inflation along with payments in relation to the partnership with Richmond Fellowship. The income from Social Letting Activities increased in the year by 12% (2024: 6.3%) and this principally reflects rent increases applied in April 2024 but also rents received relating to Richmond Fellowship. Turnover from Other Activities relating solely to Factoring services increased by 21% (£4k).

Horizon's Total Comprehensive Income for the year increased by £852k in comparison to 2024 (2024: decreased by £758k), this was due to a 47% increase in operating surplus and also an actuarial gain of £35k on the remeasurement of pension liabilities (2024: Actuarial Loss of £449k).

During the year, non-current assets have decreased by £430k (1%) to £43.6m (2024: £44.0m). The current assets have increased by £0.9m (58%) to £2.4m (2024: increased by £283k), the majority of this is in respect of debtors where turnover have increase in the year.

Current liabilities have increased by £238k (20.8%) to £1.4m (2024: £1.1m), due to inflationary increases across cost groups; non-current liabilities, excluding government grants and the pension liability, have remained consistent at £7.4m in the current and prior year.

Overall, total net assets have increased by £878k (11.1%) to £8.8m (2024: £7.9m).

Properties in Management

In total, 913 properties were managed by Horizon at 31 March 2025, (2024: 885). Horizon owns and manages 796 self-contained properties (2024: 796) for social rent. An additional 11 non-self-contained properties (2024: 11) owned by Horizon are used as shared accommodation (consisting of 44 bedspaces) for people with disabilities and with support needs, with support provided by other agencies.

Included in the 796 are 4 Horizon properties (2024: 4) that are leased out as self-contained units – 2 to a local authority (2024: 2) and 2 (2024: 2) to Women's Aid.

Horizon part owns and manages 19 shared ownership properties (2024: 19) and 29 Access Ownership properties (20 Link Group and 9 Horizon) (2024: 21 - 15 Link Group and 9 Horizon).

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Horizon provides a factoring service to 54 properties (2024: 54) within Horizon's estates, of these, 35 are owned outright and 19 are the shared ownership properties mentioned above.

Horizon leases 2 properties from Sense, which is a disability services charity. These provide shared accommodation to 4 people with complex needs. Horizon provides property management and landlord services, while Sense delivers the support.

Horizon leases 23 properties from The Richmond Fellowship Scotland. These provide a mix of shared and single accommodation for people with complex needs. Horizon provides housing management services (without repairs), while the Richmond Fellowship delivers the support.

Additionally, Horizon owns Leving House, its purpose-built office. Horizon also leases 2 other self-contained properties to support providers for use as office accommodation.

Houses under Construction

At 31 March 2025, Horizon had no properties under construction, (2024: nil).

Operating Performance

1. Housing Services

Many Horizon tenants have long-term health conditions. In Horizon's August 2021 Tenant Satisfaction Survey, 70% of those interviewed said that they, or someone living in the household, were disabled or had a long-term illness affecting daily living. This has increased from 65% of those interviewed in 2018. Overall, 32% of Horizon tenants are over the age of 65.

Housing and Asset Management services are focused on meeting individuals' needs and supporting them to live independently. Horizon recognises the particularly adverse impact of the current cost of living crisis, high energy prices, social security changes and public service cuts for disabled people, and all other tenants. This creates priorities for Housing Management to continue to maximise people's income, supporting tenants to pay their rent, manage their finances and sustain their tenancies, as well as to contain and reduce rent arrears. Our income management is particularly strong, with rent arrears having reduced again this year. Horizon has continued to invest in tenancy sustainability and support and has its own in-house Tenancy Sustainment Team.

Horizon's gross rent arrears have remained unchanged at 1.37% in March 2025 compared to 1.37% in March 2024. This also compares favourably against our 2024/25 target of 4%. Performance in minimising arrears was excellent throughout the year as the Housing Team used additional external and internal funding to assist tenants with rising costs. This included obtaining funds for tenants from the Housing Associations' Charitable Trust (HACT) fuel fund, the SFHA Fuel Support Fund, and our tenancy sustainment and hardship funds and have worked hard to support tenants who were in arrears to maintain affordable arrangements. The current tenant arrears at 31 March 2025 decreased to £56k (2024: £77.9k), former tenant arrears increased to £11k (2024: £10.3k).

During the year Horizon continued to raise awareness of its in-house Tenancy Sustainment Service. Support ranged from help with claims and appeals for Universal Credit, Housing Benefit and Discretionary Housing Payments (DHP), which resulted in a financial gain of £547k (2024: £541k) and disability-related benefits with gains of £189k (2024: £132k). The team also offered support to tenants to access the Scottish Welfare Fund or charitable funds totalling £17k (2024: £37k), for energy advice, digital inclusion and essential household items. Cuts to charitable funding and the decreased Scottish Welfare Fund budgets are responsible for this reduction. The total financial gain of £951k generated by the team had a positive impact on Horizon's arrears' figures. All new tenants signing up this year were contacted and offered support from the team, with 64% (2024: 65%) taking up this offer and accessing the service.

Horizon re-let 49 properties in 2024/25, 54 were re-let in 2023/24, equating to a turnover of 6.15% (2024: 6.8%).

On average, the time to re-let void properties was 18 days, up from 15.1 in 2023/24. This is just above Horizon's target of 15 days. Rent loss due to voids was 0.29% down from 0.30% in 2023/24.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Horizon uses the “Find a Home” allocation system, introduced in June 2021, it is easier to use and more accessible for older applicants and for people with disabilities.

2. Asset Management

A comprehensive asset performance review was completed in June 2017 underpinning Horizon’s Asset Management Strategy. A new Asset Management Strategy has been introduced in 2024/25 to take into consideration Scottish Government Climate Change Act, Net Zero and our ongoing commitment to invest in maintaining high-quality homes. During the year we used in house resources to complete 100 stock condition surveys, however, the delay in sourcing suitable software did result in fewer surveys being completed. This was resolved partway through the year. During the remainder of 2025/26 20% of our stock will have new stock condition surveys. This will allow us to inform the future planned maintenance costs for investment into our homes and over long term.

In 2024/25 Horizon invested £840k (2023/24: £605k) in upgrading and improving tenants’ homes with new kitchens, bathrooms, windows, and boilers. We also continued to invest in the Electrical Installation Condition Reports (EICR) to properties. At present 100% of our properties have an in date EICR. The programme to upgrade the smoke detection systems was completed in 2022 to be compliant with the new tolerable standard as amended by the Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criterion) Order 2019. We continue to check and replace all our smoke detection systems during gas servicing visits when required. At 31 March 2025 100% of our homes were complaint with this standard.

Tenant satisfaction with our repairs service declined slightly, with 87% of tenants reporting they were fairly or very satisfied, down from 88.9% in 2023/24. Despite this dip, we remain above the Scottish Housing Network average of 86% for 2024/25. However, we identified an increase in complaints related to miscommunication, particularly around repairs. In response, we have set a focused objective for 2025/26: to reduce complaints by improving how we communicate with tenants about repair processes and expectations..

Horizon completed 43 (2023/24: 40) Stage 3 adaptations and alterations to assist with independent living for Horizon tenants during the year with £76k of grant assistance from Scottish Government. In addition, adaptations were carried out as part of the planned maintenance programmes for bathrooms. The average time to complete applications increased over the year to 116 days (2023/24: 104). Our approach to Aids and Adaptations was impacted this year due to the reduction in the Stage 3 Adaptations funding provided from the Scottish Government. National grant funding was reduced from £15m to £10m. This resulted in a reduced grant allocation for Horizon of £85k, 43% lower than 2023/24. The Scottish Government has since announced that during 2025/26 Stage 3 Adaptations funding will be increased to £20.9m.

The Estates Caretaking team continue to promote sustainable, welcoming environments for tenants, addressing issues raised by tenants that were quickly identified and addressed. Due to the increasing number year on year of households receiving the private garden grass cutting services, a questionnaire was issued to all tenants receiving this service in 2023/24 to ensure that the team directs the available labour resources to tenants with disabilities. This survey allowed us to ensure that all eligible households received the service that was resourced to ensure we delivered an good service. Our caretaking team also lead our ‘Good Neighbour’ service where our caretakers support tenants with small jobs, e.g., lifting heavy items or changing lightbulbs. To date the Estates Team has completed 41 Good Neighbour jobs and these are highly valued by tenants.

3. Tenant Involvement

The Residents’ Improvement Group (RIG) recently completed a scrutiny exercise reviewing our approach to Value for Money. They reported their findings to the Horizon Board providing some robust recommendations. They recommended Horizon provide tenants and customers with a Value for Money Statement showing in an easy-to-read format how tenants rent money is spent, they were particularly interested in repairs and maintenance costs, how we spend your pound, costs per unit, efficiency savings, planned maintenance and key achievements. The statement was co designed with RIG and is available on our website.

It is critical to Horizon that tenants are at the centre of our business, including within our governance structure. We have up to 3 dedicated spaces on Horizon’s Board of Management (“Board”) which are reserved for tenant members: we currently have 1 tenant member who has been a Board Member for 2 years. We are currently actively recruiting to the remaining vacancy.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

During the year we also began to work with RIG and our external partner the Tenant Information Service to review or Tenant Engagement Strategy. We will be introducing a refreshed strategy during 2025/26.

4. Future Developments

Horizon's priorities for 2025/26 support the six strategic objectives set out earlier in this report and will contribute to the organisation's desired outcomes.

In West Lothian, the Kirknewton development is being finalised with the building of 7 properties by the Kirknewton Trust due to be handed over in May 2025. Horizon will be the managing agent for these properties which will generate an income of around £5.5k per year from 2025/26.

Horizon continues to contribute to the West Lothian and Renfrewshire Housing Partnership to support the delivery of affordable and accessible housing across the areas. Horizon chairs the national Accessible Housing Network and has been leading national work on the social value of adaptations. During 2024/25 we led on the delivery of the Housing & Social Care Accessibility Summit.

Partnerships continue with social care providers and in June 2024 Horizon began managing 23 properties, in Renfrewshire and Aberdeenshire, owned by The Richmond Fellowship Scotland to provide housing management services for people with complex needs living in the community. This has generated an income of around £18k in the year from May 2024. A further 3 properties are expected to be transferred over to Horizon to manage in 2025 with discussions ongoing regarding additional partnerships, including an HMO in West Dunbartonshire, further properties in Alford in Aberdeenshire and 8 bungalows in Renfrewshire.

With these new partnerships, Horizon will be involved with a range of providers, including Enable, SENSE Scotland and Capability Scotland.

As a member of the Scottish Consortium for People with Learning Disabilities' (SCLD) Housing Advisory Group, Horizon is able to contribute to the implementation of the 'Coming Home' implementation plan and work that focuses on housing as a human right and people placed in inappropriate out-of-area placements. Horizon is working with Argyle and Clyde Health and Social Care Partnership, Key Housing and Heriot Watt University to undertake research into the issues which are preventing people with behaviour perceived as challenging living in appropriate housing in their local communities.

A member of the Inclusive Living Alliance with other partners including Stirling University, Public Health Scotland, Care and Repair Scotland, Motionspot and Foundations, Horizon is supporting the work of Intersectional Stigma of Place-based Ageing (ISPA), a five-year participatory study to explore and understand how the stigma attached to where people live can link to experiences of disability and ageing.

The five Registered Social Landlord (RSL) partners in Link Housing recently launched a housing services strategy, Link Together based around key themes of tenant/customer first; engagement; sustainability; value for money and accountability/culture with actions to be delivered over the next three years. The Horizon CEO is the lead for the sustainability theme. 2025/26 leads us into the final year of this Strategy which will focus on demonstrating outcomes that have been achieved throughout the period.

5. Business Outlook

Horizon's business plan incorporates a 30-year financial projection which demonstrates that Horizon is a viable going concern, able to meet its financial commitments and requirements in relation to service and asset management as well as maintaining and complying with various obligations required by its lender.

Like all social housing providers, Horizon is experiencing the impact of the current economic situation, including rising costs. We have included the impact of adverse scenarios arising from these changes in our Business Plan's sensitivity analysis as a part of its long-term financial projections.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Corporate Governance

The Board is elected annually by the Members of Horizon and is responsible for setting the strategic direction of the organisation and ensuring financial control. It delegates responsibility for the monitoring of its financial and risk management activities to its Finance, Audit and Risk sub-committee ("Audit Committee"). The members of the Board act in a voluntary capacity, for which they receive no remuneration.

The Management Team is responsible for the implementation of Horizon's business plan, ensuring that operational activities are undertaken in line with the policies approved by the Board and the monitoring of performance against the key performance indicators (KPIs) agreed by the Board.

The Board places great importance on its corporate governance role and arranges appropriate induction training for members, regular briefing sessions, encourages and arranges attendance at conferences and training and at tenant involvement events. Development needs of Board members are discussed during the annual appraisal process and equipment has been purchased to help members attend meetings in-person and online.

Two new Board members joined the Board during the year 2024/25 and one before sign off.

Corporate Structure

Horizon is a wholly owned subsidiary company within Link Group Limited (the "Group"), a Registered Social Landlord. Ultimate responsibility for the conduct and control of the Group and its partners rests with the Group Board, while an independence and responsibilities agreement sets out conditions for the autonomous operation of the Association within the Group. The partners work within a intragroup agreement which set out governance arrangements for all parties to work effectively together.

Treasury Management

Horizon has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board. In this way Horizon manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Horizon, as a matter of policy, does not enter into transactions of a speculative nature. As at 31 March 2025, £7.4m (100%) of borrowings with the Group are subject to fixed interest rates, (2024: £7.4m of borrowings are with the Group and subject to fixed interest rates).

Budgetary Process

The Board approves the annual budget, the rolling five-year strategic plan, and the 30-year financial projections. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year, together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as significant contract tenders, expenditure, and treasury management.

Internal Audit

Internal Audit services are provided by an experienced external company TIAA. The audit work plan is generated from a detailed audit needs assessment which is based upon a systematic risk assessment of the Group operations and activities. The Internal Auditor reports to the Audit Committee.

Performance Management

Horizon seeks to continuously improve its business activities, promoting positive outcomes for individuals and their communities. As part of the business planning process, performance targets and key performance indicators are established in consultation with staff. Performance against KPI targets is monitored by the Board and Audit Committee on a quarterly basis and reported to tenants in the Annual Report to Tenants. Performance against the Scottish Social Housing Charter outcomes and other measures is also reported quarterly to the Link Group Board. Performance is benchmarked with other Link Group partners and with other RSLs.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Performance against Business Plan objectives is also monitored quarterly by the Management Team and bi-annual reports are made to the Board. Performance is managed at a team level through regular team meetings, and individual staff performance is developed and appraised at twice yearly reviews.

Horizon Housing Association	Target 2024/25	Actual 2024/25	Link Group Target 2024/25	Scottish RSL average 2023/24
Core Services				
Gross rent arrears (all current and former tenants) as a percentage of rent due [Charter indicator]	<4.0%	1.37%	5.0%	6.9%
Average time to re-let (days) [Charter indicator]	15.0	18	30.0	56
Average length of time to complete emergency repairs (hours) [Charter indicator]	≤ 4.0	2.49	4.0	4.2
Average number of days to carry out non-emergency repairs [Charter indicator]	≤ 6.0	6.83	6.0	8.7
% Reactive repairs completed right first time [Charter indicator]	≥ 95.0%	81.0%	95.0%	88.0%
How many times in the reporting year did you not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitter or last checked [Charter indicator]	0	0	0	n/a
% 1 st stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales [Charter indicator]	≥ 95.0%	100%	95.0%	95.3%
% 2 nd stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPSO) Model Complaint Handling Procedure (CHP) timescales [Charter indicator]	≥ 95.0%	100%	95.0%	92.5%
% stock meeting the Scottish Housing Quality Standard (SHQS) [Charter Indicator]	100%	100%	99.6%	79.0%
Homelessness - of properties available (and where there was a demand from homeless people) to let what % went to homeless applicants	> 55.0%	46.9%	> 70.0%	N/A

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Risk Management

The Board and Audit Committee receive regular updates on Horizon's risk profile and has consolidated the risks into 20 areas. They have conducted a revised risk mapping exercise (analysis of risks facing Horizon) and summarised these on Decision Time which identifies the level of risk, controls, and actions. The Audit Committee has responsibility for the monitoring and review of risks during the year, with the outcome of this reported to the Board.

Horizon has set policies on internal controls which cover the following:

- Type of risks Horizon faces.
- Level of risks it regards as acceptable.
- Probability of the risks materialising.
- Horizon's ability to reduce the incidents and impact on the business of risks that do materialise.
- Responsibility of management to implement the Board of Management's policies and to identify and evaluate risks for their consideration.
- Responsibility of employees regarding internal control as part of their accountability for achieving objectives.
- Development of systems to respond quickly to emerging risks.
- Implementation of procedures for reporting failings immediately to appropriate levels of management and the Board of Management together with details of corrective action being undertaken.

Horizon has identified the following key risks.

- Loss of income due to impact of current economic situation, including cost of living crisis on tenants leading to increased arrears and pressure on service delivery, including planned maintenance programme. This risk is mitigated by constant monitoring of arrears and having some flexibility in the planned maintenance program.
- Increased costs affecting delivery of the Business Plan – this is driven by a combination of external factors including the ongoing cost of living crisis, high inflation, continued global supply chain disruption, and geopolitical instability, particularly the war in Ukraine and tensions in the Middle East.
- Financial fraud / theft including cyber-attack – due to controls, procedures, training, and scams. The risk is mitigated by regular review of procedures, monthly management accounts, internal and external audits, mandatory IT security awareness training for GDPR, Phishing emails and installed anti-virus software.
- Gas safety requirements are not satisfied leading to injury/fatality or non-compliance with evidence requirements – due to lack of monitoring or inadequate procedures. The risk is mitigated by regular meetings with the contractor and weekly monitoring of service completions and internal audits.
- Breach of Health and Safety Regulations – through non-compliance of legislation. The risk is mitigated by regular internal audits and review by management, Audit committee and Board of the implementation of action plans, mandatory training of staff and reporting along with technology for lone working and van tracking.

Maintenance policies

Horizon seeks to maintain its properties to the highest standard. To this end, programmes of cyclical maintenance are carried out to deal with and prevent the gradual and predictable deterioration of building components. It is expected that the cost of this maintenance and associated repairs would be charged to the Statement of Comprehensive Income, formerly called the Income and Expenditure account.

In addition, Horizon has a long-term programme of major repairs to cover necessary work, including work required by legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs is capitalised and included in the Statement of Financial Position (SOFPP).

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Component accounting

In accordance with the SORP, Horizon applies the principles of component accounting to its fixed assets. This accounting treatment ensures that the major components of the Horizon's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component is capitalised in the SOFP with the item replaced being disposed of from the SOFP. This enables the financial statements to reflect the use of the component over their life cycle.

Employee Development, Involvement and Health & Safety

Horizon encourages employee involvement in all major initiatives. A Board and Employee Negotiating Committee for Horizon (BENCH) meets regularly to discuss staff issues, negotiate annual salary cost of living increases and review human resources policies. A Health and Safety Staff Group meets every six weeks to review all health and safety matters and to implement any improvements arising from inspections and audits. The Board receives quarterly reports on any incidents or accidents and an annual Health and Safety report. Health and Safety is subject to regular audit with the most recent external audit being carried out in March 2024. Actions and recommendations are reported to the Audit Committee and Board.

In 2024/25, we remained focused on delivering business efficiency savings. Staff received ongoing support through tailored team development sessions and quarterly full-team events. These sessions allowed the management team to share updates on the efficiency savings journey and identify key areas for improvement. By 31 March 2025, the staff establishment had reduced from 31 to 27, marking a 23% reduction over the past three years. Six staff members left the organisation during the year, increasing staff turnover to 22%, up from 16% in 2023/24. Horizon experienced a rise in sickness absence, with the rate increasing to 9.27% in 2024/25, compared to 3.30% the previous year.

Rental Income

Horizon's rent policy is a points system based on the size, type, and facilities of the accommodation. A major review of the rent structure was carried out in 2018/19, and recommendations were agreed by the Board in December 2019 which were implemented in April 2020, with support for those most affected in the form of a phased increase over two years. 72% of our tenants receive full or partial housing benefit. The rent increase for 2024/25 is 6.0% (2023/24: 6.7%) in line with the majority vote of Horizon tenants following consultation.

We assess the affordability of our rent's annually using the SFHA affordability tool. This was last done in September 2024.

Employees with disabilities

Employment applications from disabled people are given full and fair consideration in accordance with their aptitudes and abilities in accordance with legislative requirements. In the event of employees becoming disabled, every effort is made to make reasonable adjustments so that their employment with Horizon can continue. It is the policy of Horizon that training, career development and promotion opportunities should be available to all employees. Horizon employs 27 staff (24.7 FTE) (2024: 34 staff (32.7 FTE) of which none (2022: 2) consider themselves to be disabled).

Home Ownership

Horizon continues to extend choice of home ownership to disabled people through the Access Ownership scheme in partnership with Link Group Limited. Funds were made available to invest in tailored shared ownership solutions for disabled people and their families. There were 5 acquisitions this financial year (2024/25) under the programme by Link Group. Horizon's partnership with Housing Options Scotland continues to provide benefits, increasing access to independent housing information, advice, and solutions for disabled people.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT(CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Sustainability information statement

Horizon is committed to the delivery of a sustainable future and our approach to this is set out within the Link Group wide Sustainability Strategy. The strategy supports our strategic objectives, particularly:

- Providing quality homes at the right price for tenants.
- Supporting the delivery of more accessible homes.
- Developing initiatives to support disabled people and older people live in the community.
- Work to address the climate emergency.

Future Plans – Key Priorities

1. Provide **quality homes & services** at the **right price** for tenants.
 - Implement the planned maintenance programme.
 - Continue to measure rent affordability.
 - Continue to implement the outcomes of the efficiency review carried out in 2023/24.
 - Carry out a mini survey of tenants to measure areas of quality and value for money.
2. Help deliver more **accessible homes** across Scotland.
 - Continue to promote Horizon's accessible housing ambassador and foster a political ambassador.
 - Further develop work on adaptations with key partners and explore options to develop a national design standard and award for inclusive and wheelchair homes.
3. Work with **Link Group** Partners to achieve Horizon's desired outcomes.
 - Identify a demonstration site, promoting an accessible, inclusive community agenda.
 - Agree 10% of all newbuild is to accessible standard rising over the 5 years to 15% minimum.
4. Develop and support **initiatives which keep older and disabled people in the community**.
 - Monitor new partnership with The Richmond Fellowship and expand discussions with care providers about managing properties on their behalf to enable people to live at home.
 - Contribute to the Inclusive Living Alliance to support the Intersectional Stigma of Place-based Ageing (ISPA) – a 5-year participatory study exploring how the stigma attached to where people live can link to experiences of disability and ageing.
5. Ensure the business and services are sustainable, efficient and deliver social value.
 - Develop and implement the value led/value for money workstream's action plan.
 - Develop the tenant profile across Link to inform the locality-based options' discussion in the Housing Services strategy.
6. Work to **address climate change**.
 - Implement key actions on sustainability, including helping tenants stay in their own home in their community; evaluate the accessibility and suitability of existing housing for older people and disabled people; support consistent services across partners and achieve zero carbon targets.

Work with Link colleagues to implement Link's Sustainability Strategy, including assessing recommendations for our business estate and homes to reduce carbon emissions.

HORIZON HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Results for the year

The results for the year are set out on page 20.

Board Members

The Board Members who held office during the year and up to the date of signature of the financial statements were as follows:

R McDougall	(Resigned May 2025)
J Pritchard	
C Baird	
B Graham	(Resigned August 2024)
J Hamilton	(Resigned April 2024)
W Taylor	(Resigned December 2024)
F Wood	
R Docking	
I Harrington	
D Theakstone	
R Statt	
M Kane	
L Bain	
A Calusa	
O Lindsay	
E McCaffery	(Appointed August 2024)
E Kotrys	(Appointed February 2025)
J Turner	(Appointed May 2025)

Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board of Management

.....
J Pritchard

Director

Date: 27 August 2025

HORIZON HOUSING ASSOCIATION

BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2025

The Board of Management ("The Board") acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

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

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 misstatement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management financial statements are prepared promptly, providing relevant, reliable, and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures from the Board members.
- the Board reviews reports from the Chief Executive, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a regular review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board has continued to review the system of internal financial control in the Association during the year ended 31 March 2025. No weaknesses were found in the internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements, or in the external auditor's report on the financial statements.

By order of the Board of Management


J Pritchard
Chairperson

Date: 27 August 2025

HORIZON HOUSING ASSOCIATION

STATEMENT OF BOARD'S RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period.

In preparing these financial statements, the Board of Management is required to:

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

The Board of Management is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

HORIZON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Horizon Housing Association Limited (the 'Association') for the year ended 31 March 2025 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows, and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under those Acts.

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 Board's use of the going basis of accounting in the preparation of the financial statements is concern 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 about the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect of 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

HORIZON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION (CONTINUED)

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:

- proper books of account have not been kept by the Association in accordance with section 75; or
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with section 75; or
- the income account and the balance sheet are not in agreement with the books of account of the association; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we consider necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 19, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

HORIZON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION (CONTINUED)

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Housing (Scotland) Act 2010, the Housing SORP, and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Co-operative and Community Benefit Societies Act 2014, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Scottish Housing Regulator's regulatory framework, employment legislation, and data protection regulations. We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates. For income recognition, the audit procedures included but were not limited to performing substantive testing of other income, through agreement to relevant source documentation, focusing on the existence and valuation of income recognised.

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

HORIZON HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION (CONTINUED)

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 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: 29/08/25

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

HORIZON HOUSING ASSOCIATION

REPORT BY THE AUDITOR TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 18 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council 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 page 18 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP

RSM UK Audit LLP

Date: 29/08/25

**Chartered Accountants
Statutory Auditor**

Third Floor
2 Semple Street
Edinburgh
EH3 8BL

HORIZON HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £'000	2024 £'000
Income	3	6,020	5,359
Operating expenditure	3	(4,896)	(4,595)
Operating surplus		1,124	764
Interest receivable and similar income		37	15
Interest payable and similar expenses		(324)	(304)
Gain on sale of assets		6	-
Surplus before taxation		843	475
Tax on surplus		-	-
Surplus for the financial year		843	475
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension schemes		35	(449)
Total comprehensive income for the year		878	26

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 25 to 47 form part of these financial statements.

HORIZON HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

		2025		2024	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Housing properties	8		43,121		43,507
Other fixed assets	9		442		486
			<u>43,563</u>		<u>43,993</u>
Current assets					
Work in progress	10	4		4	
Debtors	11	1,331		540	
Cash at bank and in hand		1,032		954	
		<u>2,367</u>		<u>1,498</u>	
Creditors: amounts falling due within one year	12	(1,383)		(1,145)	
Net current assets			984		353
Total assets less current liabilities			<u>44,547</u>		<u>44,346</u>
Creditors: amounts falling due after more than one year					
Loans and overdrafts	13	7,400		7,400	
Government grants	14	27,674		28,348	
		<u>(35,074)</u>		<u>(35,748)</u>	
Provisions for liabilities					
Defined benefit pension liability	15	661		664	
		<u>(661)</u>		<u>(664)</u>	
Net assets			<u>8,812</u>		<u>7,934</u>
Capital and reserves					
Share capital	16	-		-	
Revenue reserve including pension reserve	17		8,812		7,934
			<u>8,812</u>		<u>7,934</u>

The notes on pages 25 to 47 form part of these financial statements.

HORIZON HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2025

The financial statements were approved by the Board of Management and authorised for issue on 27 August 2025 and are signed on its behalf by:



.....
I Harrington
Director



.....
M Driscoll
Secretary



.....
J Pritchard
Director

HORIZON HOUSING ASSOCIATION

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2025

	Income and expenditure £'000
Balance at 1 April 2023	7,908
	<hr/>
Year ended 31 March 2024:	
Surplus	475
Other comprehensive income:	
Actuarial loss on defined benefit plans	(449)
	<hr/>
Total comprehensive income	26
	<hr/>
Balance at 31 March 2024	7,934
	<hr/>
Year ended 31 March 2025:	
Surplus	843
Other comprehensive income:	
Actuarial gains on defined benefit plans	35
	<hr/>
Total comprehensive income	878
	<hr/>
Balance at 31 March 2025	8,812
	<hr/> <hr/>

The notes on pages 25 to 47 form part of these financial statements.

HORIZON HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £'000	£'000	2024 £'000	£'000
Net cash flows from operating activities					
Cash generated from operations	22		1,255		748
Investing activities					
Purchase of component replacements and enhancements		(935)		(613)	
Purchase of tangible fixed assets		(1)		(4)	
Proceeds from disposal of tangible fixed assets		14		-	
Interest received		37		15	
Net cash used in investing activities			(885)		(602)
Financing activities					
Bank charges and Interest paid on loans		(292)		(283)	
Net cash used in financing activities			(292)		(283)
Net increase/(decrease) in cash and cash equivalents			78		(137)
Cash and cash equivalents at beginning of year			954		1,091
Cash and cash equivalents at end of year			1,032		954

The notes on pages 25 to 47 form part of these financial statements.

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

Company information

Horizon is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. Horizon is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. Horizon's registered office is noted on page 1 and a description of the principal activities is noted on page 2 of the Report of the Board of Management.

1.1 Accounting convention

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice and comply with the requirements of the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2018 (SORP 2018) and Financial Reporting Standard 102 (FRS 102).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Board of Management consider to be appropriate for the following reasons.

The Board of Management have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Horizon has a healthy cash position and thus the Board of Management is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The Board of Management have reviewed the company's budgets for 2025/26 and the medium-term financial position as detailed in the 30-year business plan, taking account of plausible downsides.

Consequently, the Board of Management are confident that Horizon will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Income

Income is recognised in the year to which it relates. Income, which is stated net of value added tax, represents income receivable from lettings and property management, revenue grants, contract income for care and repairs services and other income.

1.4 Tangible fixed assets

Housing properties

Housing Properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion. No depreciation is charged in the year of capitalisation/acquisition of all Housing assets and a full year's depreciation in the year of disposal.

HORIZON HOUSING ASSOCIATION

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

1 Accounting policies

(Continued)

The properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight-line basis over their expected economic useful life. The following major components and useful lives have been identified by Horizon:

Land	not depreciated
Structure	65 years
Smoke Detectors	10 years
Kitchen	15 years
Windows	30 years
Bathrooms	30 years
Rewiring	40 years
Doors	30 years
Boilers	15 years
Pipework	40 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) 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 material reduction in future maintenance costs; or
- (ii) 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 the Statement of Comprehensive Income.

Other fixed assets

A full year's depreciation is charged in the year of capitalisation/acquisition of other fixed assets and no depreciation charged in the year of disposal. The following depreciation rates have been applied:

Heritable office property	60 years straight line
Furniture and equipment	8 years straight line
Computer equipment	3 years straight line
Motor vehicles	25% reducing balance

1.5 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, Horizon estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowances for obsolete and slow-moving items.

HORIZON HOUSING ASSOCIATION

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

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

Horizon has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when Horizon becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has 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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group entities, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Derecognition of financial liabilities

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

HORIZON HOUSING ASSOCIATION

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

1 Accounting policies

(Continued)

1.9 Taxation

Corporation Tax

Horizon Housing Association Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is actually exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Value added tax

Horizon is part of the Link Group Limited VAT group and therefore registered for VAT. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

1.10 Provisions

Bad and doubtful debts Provision

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

Other provisions

Horizon recognises provisions when: there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring income and expenditure in the period in which they arise.

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in surplus or deficit as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to income and expenditure in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Pensions

Horizon participated in The Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) Defined Benefit pension scheme. Horizon closed its scheme, with members transferring to the SHAPS Defined Contribution Scheme in September 2013. Contributions to the defined contribution scheme are charged to the SOCI to spread the cost of pensions over the employee's working lives with Horizon.

Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of the scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Association's share of the scheme assets and liabilities has been separately identified and included in Horizon's statement of financial position (SOF) and measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Horizon's share of the deficit is recognised in full, and the movement is split between operating costs, finance items and in the statement of comprehensive income (SOCI) as actuarial gain or loss on pension schemes.

1.13 Leases

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the SOFP and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the SOCI on a straight-line basis over the lease term.

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

(Continued)

1.14 Government grants

Social Housing Grants and Other Capital Grants are accounted for using the accrual method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets to which it relates. No grant is released in the first year of addition, a full year is released in the year of disposal.

Social Housing Grant received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

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

Non-government grants are accounted for using the performance method, as outlined in Section 24 of Financial Reporting Standard 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

1.15 Shared ownership transactions

First tranche sales of shared ownership properties are treated as sales of current assets, with proceeds being credited to turnover and costs to cost of sales in the SOCI. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

2 Judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

The Board have identified the following as key areas where judgement and estimation have been used:

Pension scheme liability

The SHAPS pension scheme provision is valued in these financial statements by an independent actuary. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation, and discount rates. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

Housing properties

Horizon's property assets are judged by management to be social housing and are accounted for at cost less depreciation and impairments (see Note 8).

Components and depreciation

Estimation has been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component.

Receivables

Debtor recoverability is considered throughout the year and appropriate provisions set aside in the financial statements where required.

Apportionment of management expenses

HORIZON HOUSING ASSOCIATION

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

2 Judgements and key sources of estimation uncertainty

(Continued)

Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the SOCI on the basis that they are directly engaged in each of the operations dealt with in those accounts.

Apportionment of costs between housing types

Indirect employee administration and operating costs have been apportioned to the housing types of General Needs Housing, Supported Housing and Shared Ownership based on a percentage of the number of units managed.

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

3 Particulars of turnover, operating costs and operating surplus/(deficit)

	2025 Turnover	2025 Operating costs	2025 Operating surplus/ (deficit)	2024 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 3a)	5,997	(4,829)	1,168	818
Other activities (note 3b)	23	(67)	(44)	(54)
Total 2025	6,020	(4,896)	1,124	764
Total 2024	5,359	(4,595)	764	

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

3(a) Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities

	General Needs housing £'000	Supported housing £'000	Shared ownership £'000	2025 Total £'000	2024 Total £'000
Revenue from rent and service charges					
Rent receivable net of service charges	5,031	97	75	5,203	4,491
Service Charges receivable	2	-	28	30	25
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross income from rent and service charges	5,033	97	103	5,233	4,516
Less voids	(28)	-	-	(28)	(16)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income from rents and service charges	5,005	97	103	5,205	4,500
Revenue grants					
Grants released from deferred income	644	21	10	675	674
Revenue grants from Scottish Ministers	72	-	-	72	148
Other operating income	31	1	13	45	18
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total turnover from affordable letting activities	5,752	119	126	5,997	5,340
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

3 Particulars of turnover, operating costs and operating surplus/(deficit)

(Continued)

Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities

	General Needs housing £'000	Supported housing £'000	Shared ownership £'000	2025 Total £'000	2024 Total £'000
Expenditure					
Management and maintenance administration costs	(1,829)	(93)	(93)	(2,015)	(1,617)
Service costs	(286)	(15)	(2)	(303)	(311)
Planned and cyclical maintenance including major repair costs	(401)	(6)	(1)	(408)	(590)
Reactive maintenance costs	(735)	(27)	(3)	(765)	(732)
Bad debts – rents and service charges	(14)	-	(2)	(16)	11
Depreciation of affordable let properties	(1,173)	(35)	(18)	(1,226)	(1,219)
Loss on disposal of components	(96)	-	-	(96)	(64)
	<u>(4,534)</u>	<u>(176)</u>	<u>(119)</u>	<u>(4,829)</u>	<u>(4,522)</u>
Operating surplus / (deficit) for affordable letting activities 2025	<u>1,218</u>	<u>(57)</u>	<u>7</u>	<u>1,168</u>	<u>818</u>
Operating surplus / (deficit) for affordable letting activities 2024	<u>888</u>	<u>(69)</u>	<u>(1)</u>	<u>818</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2024: £nil). The cost of property components capitalised in the year was £935k (2024: £613k).

HORIZON HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

3 Particulars of turnover, operating costs and operating surplus/(deficit)

(Continued)

3(b) Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover 2025	Other operating Costs 2025 £'000	Operating Surplus/ (Deficit) 2025 £'000	Operating Surplus/ (Deficit) 2024 £'000
Factoring	-	-	-	23	23	(67)	(44)	(54)
Total from other activities in the year	-	-	-	23	23	(67)	(44)	(54)
Total from other activities in the prior year				19	19	(73)	(54)	

Horizon did not receive any income or incur any expenditure in respect of Care activities and did not receive any Grants from Scottish Ministers or income for care activities from statutory sources (2024: £nil).

HORIZON HOUSING ASSOCIATION

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

4 Auditor's remuneration

	2025 £'000	2024 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	19	19

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2025 Number	2024 Number
Average full time equivalent number of employees during the year was	26	33
Average total number of employees during the year was	29	34

Their aggregate remuneration comprised:

	2025 £'000	2024 £'000
Wages and salaries	1,137	1,218
Social security costs	116	131
Pension costs	96	104
	1,349	1,453
Temporary staff costs	30	11
Redundancy payments made or committed	1	1

6 Key Management Personnel

Emoluments payable to the Chief Executive

	2025 £'000	2024 £'000
Remuneration for qualifying services	70	93
Company pension contributions to defined contribution schemes	6	4
	76	97

HORIZON HOUSING ASSOCIATION

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

6 Key Management Personnel

(Continued)

Key management personnel are defined as the Chief Executive and the Head of Housing.

The number of key management personnel whose emoluments exceed £60,000 (excluding pension) are shown within the following bands:

	2025 £'000	2024 £'000
£60,000 - £69,999	1	2
£70,000 - £79,999	-	1
£80,000 - £89,999	-	-
£90,000 - £99,999	-	1
	<u>1</u>	<u>4</u>

The reduction in key management personnel whose emoluments were over £60,000 during 2024/25 is due to the resignation and appointment of members of this group during the year.

No member of the Board of Management received any emoluments in respect of their services to the Association. The total emoluments for key management personnel regardless of their salary for the year was £151k (2024: £158k) which is lower than the prior year, due to the changes in personnel during the year. Total pension costs were £12k (2024: £10k).

The key management personnel are ordinary members of Horizon's pension scheme described below on page 41. No enhanced or special terms apply to their memberships, and they have no other pension arrangements to which Horizon contributes

	2025 £'000	2024 £'000
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Full time Directors	-	-
Board of Management	-	1

7 Housing units

	2025	2024
General needs*	798	798
Shared ownership	28	28
Shared bedspaces	44	44
Total Units	<u>870</u>	<u>870</u>

* Included in general needs are two units which are currently in use as leased offices, two units leased to Woman's Aid and two units leased to local authority Councils as temporary accommodation. In addition, there are four non-self-contained leased out properties included in the shared bedspaces figures above.

Horizon also manages 20 units on behalf of Link Housing Association (2024: 15), for which Link Housing Association pays a management fee and 23 units on behalf of the Richmond Fellowship.

HORIZON HOUSING ASSOCIATION

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

8 Non-current assets - Housing properties

	Housing properties held for lettings £'000	Shared ownership housing properties £'000	Total £'000
Cost			
At 1 April 2024	66,998	1,538	68,536
Additions	935	-	935
Disposals	(322)	-	(322)
	<u>67,611</u>	<u>1,538</u>	<u>69,149</u>
At 31 March 2025	67,611	1,538	69,149
Depreciation and impairment			
At 1 April 2024	24,676	353	25,029
Depreciation charged in the year	1,207	18	1,225
Eliminated in respect of disposals	(226)	-	(226)
	<u>25,657</u>	<u>371</u>	<u>26,028</u>
At 31 March 2025	25,657	371	26,028
Carrying amount			
At 31 March 2025	41,954	1,167	43,121
	<u>41,954</u>	<u>1,167</u>	<u>43,121</u>
At 31 March 2024	42,322	1,185	43,507
	<u>42,322</u>	<u>1,185</u>	<u>43,507</u>

Land values included in the cost above are £4,787k (2024: £4,787k) for Properties held for Letting and £308k (2024: £308k) for Shared Ownership properties.

Development administration costs capitalised amounted to £nil (2024: £nil) for which Housing Association Grants amounting to £nil (2024: £nil) were received in the year.

Works expenditure on housing properties capitalised in the year was £935k (2024: £613k), expensed was £409k (2024: £66k). In respect of the capitalised works, £875K (2024: £66k) was in relation to replacements, £60k (2024: £nil) was in relation to enhancements.

All land and buildings are wholly owned by Horizon Housing Association Limited.

HORIZON HOUSING ASSOCIATION

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

9 Non-current assets - Other

	Heritable office property £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2024	723	106	179	1,008
Additions	-	1	-	1
Disposals	-	-	(71)	(71)
	<u>723</u>	<u>107</u>	<u>108</u>	<u>938</u>
At 31 March 2025	723	107	108	938
Depreciation and impairment				
At 1 April 2024	304	88	130	522
Depreciation charged in the year	21	6	10	37
Eliminated in respect of disposals	-	-	(63)	(63)
	<u>325</u>	<u>94</u>	<u>77</u>	<u>496</u>
At 31 March 2025	325	94	77	496
Carrying amount				
At 31 March 2025	<u>398</u>	<u>13</u>	<u>31</u>	<u>442</u>
At 31 March 2024	<u>419</u>	<u>18</u>	<u>49</u>	<u>486</u>

10 Stocks

	2025 £'000	2024 £'000
Raw materials and consumables	<u>4</u>	<u>4</u>

11 Trade and other receivables

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Arrears of rent and service charges	261	71
Less: provision for bad and doubtful debts	(90)	(41)
	<u>171</u>	<u>30</u>
Net rental debtors	171	30
Trade receivables	84	-
Prepayments and accrued income	8	19
Amounts owed by group undertakings	1,045	426
Other debtors	23	65
	<u>1,331</u>	<u>540</u>

HORIZON HOUSING ASSOCIATION

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

12 Creditors: amounts falling due within one year

	Notes	2025 £'000	2024 £'000
Housing loans	13	50	50
Rent and service charges in advance		242	220
Trade creditors		67	52
Amounts owed to group undertakings		218	312
Other creditors		309	293
Accruals and deferred income		497	218
		<u>1,383</u>	<u>1,145</u>

13 Loans and overdrafts

	2025 £'000	2024 £'000
Loan advanced by Private Lender	50	50
Loans from group undertakings	7,400	7,400
	<u>7,450</u>	<u>7,450</u>
Payable within one year	50	50
Due in greater than one year	7,400	7,400

The loan advanced by Private Lender of £50k is payable on demand and no interest is payable.

The intra-group loan is an interest only loan at an interest rate of 3.85% fixed until Sept 2026.

14 Government grants

	2025 £'000	2024 £'000
Social housing grants		
At 1 April 2024	28,349	29,022
Amortised in the year	(675)	(674)
At 31 March 2025	<u>27,674</u>	<u>28,348</u>

The social housing grants are only repayable when the properties are sold. The balance is expected to be released to the Statement of Comprehensive Income as follows:

	2025	2024
Amount due to be released within one year	675	674
Amount due to be released in years 2-5	2,024	2,022
Amount due to be released after year 5	24,975	25,653
	<u>27,674</u>	<u>28,349</u>

HORIZON HOUSING ASSOCIATION

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

15 Retirement benefit schemes

	2025	2024
Defined contribution schemes	£'000	£'000
Charge to profit or loss in respect of defined contribution schemes	90	98

Horizon Housing Association Limited offers all staff membership to the SHAPS Defined Contribution scheme, with employer contribution rates of 6%, 9% or 12% of pensionable salaries for employees who joined the scheme before 1 December 2013, and of 5%, 6%, 8% or 9% of pensionable salaries for employees who joined the scheme after 1 December 2013.

As at 31 March 2025, there were 27 active members (2024: 30) of the Defined Contribution Scheme employed by Horizon Housing Association Limited.

Defined benefit schemes

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

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

Valuation

The scheme is classified as a 'last-man standing arrangement'. Therefore the company 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 actuarial valuation showed assets of £680m, liabilities of £759m and a deficit of £79m. As a result of the 2024 valuation, the Trustee has indicated that additional contributions to the Scheme for participating employers will be re-introduced from 1st April 2026 until 31st March 2030. Employers in total will pay £15.6m per year, increasing by 3% on 1st April each year.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

For the year ended 31 March 2025, sufficient information is available for the Association in respect of the Scheme to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2024 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2025 by a qualified independent actuary.

Funding policy

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.

Other information

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

HORIZON HOUSING ASSOCIATION

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

15 Retirement benefit schemes

(Continued)

	2025	2024
	%	%
<i>Key assumptions</i>		
Discount rate	5.5	4.8
Expected rate of increase of pensions in payment	3.1	3.1
Expected rate of salary increases	3.2	3.4
Inflation (CPI)	2.8	3.0
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance
	=====	=====
<i>Mortality assumptions</i>	2025	2024
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	20.2	20.2
- Females	22.7	22.7
	=====	=====
Retiring in 20 years		
- Males	21.5	21.4
- Females	24.2	24.1
	=====	=====
<i>Amounts recognised in the Statement of Comprehensive Income</i>	2025	2024
<i>Costs/(income):</i>	£'000	£'000
Net interest on net defined benefit liability/(asset)	32	10
Other costs and income	7	7
	=====	=====
Total costs	39	17
	=====	=====
<i>Amounts recognised in other comprehensive income</i>	2025	2024
<i>Costs/(income):</i>	£'000	£'000
Actual return on scheme assets	(223)	(136)
Less: calculated interest element	(186)	(208)
	=====	=====
Return on scheme assets excluding interest income	(409)	(344)
Actuarial changes related to obligations	444	(105)
	=====	=====
Total costs/(income)	35	(449)
	=====	=====

HORIZON HOUSING ASSOCIATION

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

15 Retirement benefit schemes

(Continued)

The amounts included in the Statement of Financial Position arising from the Association's obligations in respect of defined benefit plans are as follows:

	2025 £'000	2024 £'000
Liabilities/(assets):		
Present value of defined benefit obligations	(4,217)	(4,643)
Fair value of plan assets	3,556	3,979
Deficit in scheme	(661)	(664)

	2025 £'000
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2024	4,643
Benefits paid	(207)
Actuarial gains and losses	(444)
Interest cost	218
Other	7
At 31 March 2025	4,217

	2025 £'000
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2024	3,979
Interest income	186
Return on plan assets (excluding amounts included in net interest)	(409)
Benefits paid	(207)
Contributions by the employer	7
At 31 March 2025	3,556

The actual return on plan assets (including any changes in share of assets) over the period from 1 April 2024 to 31 March 2025 was £223,000 (2024 - £136,000).

HORIZON HOUSING ASSOCIATION

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

15 Retirement benefit schemes

(Continued)

	2025 £'000	2024 £'000
<i>Fair value of plan assets</i>		
Global equity	412	458
Absolute return	-	179
Distressed opportunity	-	146
Credit Relative Value	-	140
Alternative Risk Premia	-	143
Liquid alternatives	655	-
Emerging Market Debt	-	70
Risk Sharing	-	239
Insurance-Linked Securities	14	25
Property	176	168
Infrastructure	1	381
Private Equity	3	3
Real assets	424	-
Private Debt	-	160
Opportunistic Illiquid Credit	-	158
Private Credit	443	-
Credit	151	-
Investment Grade Credit	163	-
High Yield	-	1
Cash	19	103
Long Lease Property	1	30
Secured Income	82	133
Liability Driven investment	1,001	1,439
Currency Hedging	6	(2)
Net Current Assets	5	5
	<hr/>	<hr/>
Total Assets	3,556	3,979
	<hr/>	<hr/>

16 Members' Capital

	2025 £	2024 £
Shares of £1 fully paid and issued as at 1 April	50	50
Shares issued during the year	3	11
Shares cancelled during year	(8)	(11)
	<hr/>	<hr/>
At 31 March 2025	45	50
	<hr/>	<hr/>

Each member of Horizon 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 Horizon. Each member has a right to vote at members' meetings.

HORIZON HOUSING ASSOCIATION

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

17 Revenue reserve

Includes all surplus and deficits, including those retained from previous periods. This reserve also includes any remeasurement of the defined benefit pension liability.

18 Contingent liabilities

The Association has been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the ongoing Court process is known, it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, for the purposes of the 31 March 2025 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

The Board are aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the entity being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation, the Board do not expect the valuation of the scheme liabilities to change.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2025 £'000	2024 £'000
Within one year	1	-
Between two and five years	4	-
In over five years	11	4
	<u>16</u>	<u>4</u>

During the year £2.3k (2024: £1k) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2025 £'000	2024 £'000
Within one year	<u>70</u>	<u>72</u>

HORIZON HOUSING ASSOCIATION

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

19 Operating lease commitments

(Continued)

Of the 10 leased properties (2024: 10) (note 19), Horizon received £75k in the year to 31 March 2025 (2024: £76k).

All leases are on a rolling renewal basis of 1 month, 6 month or annual periods. There are no options for purchase in the terms.

The terms of the leases are to maintain the property and gardens, not to assign or sub-let, no structural changes and major / emergency structural repairs are to be notified to Horizon.

20 Related party transactions

Members of the Board of Management are related parties of Horizon as defined by Financial Reporting Standard 102.

The related party relationships of the members of the Board of Management are summarised as set out below.

Board members cannot use their position to their advantage and any transactions between Horizon and any entity with which a governing body member has a connection is made at arm's length and is under normal commercial terms.

Two Board members are tenants of the association (2024: two tenants) and have tenancies that are on Horizon's normal tenancy terms, and they cannot use their position to their advantage.

Transactions with Board members (and their close family) were as follows: Rent received from the tenants on the Board was £10k (2024: £10k).

At the year-end there were no rent arrears (2024: nil) owed by the tenant members of the Board.

As a wholly owned subsidiary of Link Group Limited Horizon is exempt from the requirements of FRS 102 to disclose details of transactions with other members of the group headed by Link Group Limited.

21 Ultimate parent organisation

The company's parent undertaking at the SOFP date was Link Group Limited, a Cooperative and Community Benefit Society registered with the Financial Conduct Authority, registration no 1481R(S). Link Group Limited exercises dominant control through its ability to control the majority of the membership of the Board.

The company's results are consolidated as part of the ultimate parent company's accounts. These accounts can be obtained directly from Link Group Limited.

HORIZON HOUSING ASSOCIATION

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

22 Cash generated from operations

	2025 £'000	2024 £'000
Surplus for the year after tax	843	475
Adjustments for:		
Decrease in pension liability items	32	(30)
Finance costs	292	284
Investment income	(37)	(15)
Loss on disposal of tangible fixed assets	96	-
Depreciation and impairment of tangible fixed assets	1,262	1,263
Other gains and losses	(6)	64
Increase in deferred income	-	-
Increase in debtors	(791)	(430)
Increase/(decrease) in creditors	238	(189)
Decrease in deferred income	(674)	(674)
Cash generated from operations	1,255	748

23 Analysis of changes in net debt

	1 April 2024 £'000	Cash flows £'000	31 March 2025 £'000
Cash at bank and in hand	954	78	1,032
Borrowings excluding overdrafts	(7,450)	-	(7,450)
	(6,496)	78	(6,418)

24 Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2024: £nil)