



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

MILNBANK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE OFFICERS AND ADVISERS

Management Committee

A Scott	Chairperson
A Jenkins	Vice-chair
C McGuire	Secretary (Deceased 21 January 2025)
J Donaghy	
R Tinney	Treasurer
M Hutchison	Secretary
N Halls	
A Young	
J O'Donnell	Vice-chairperson
M Anderson	(Resigned 5 November 2024)
G O'Hara	(Co-opted member from 5 November 2024)
M Smith	
E Conwell	
G Hay	
A Strachan	(Appointed 19 September 2024)

Executive Officers

P Martin	Chief Executive Officer
L Sichi	Deputy Chief Executive Officer
K Notman	Director of Finance (employed from 19 August 2024 and resigned 17 April 2025)
C Chalk	Director of Housing & Community Initiatives
R Anderson	Director of Asset Management (resigned 29 November 2024)
M Smith	Director of Asset Management (appointed 2 December 2024)
J Gourlay	Director of Finance (appointed 23 July 2025)

Registered Office

53 Ballindalloch Drive
Glasgow
G31 3DQ

Auditor

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

Internal Auditors

Quinn Internal Audit Ground Floor 4 Grosvenor Gardens Edinburgh EH12 5JU	Alexander Sloan 180 St Vincent Street Glasgow G2 5SG
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Bankers

Bank of Scotland 1195 Duke Street Glasgow G31 5NJ	Nationwide BS Kings Park Road Moulton Park Northampton NN3 6NW	GB Social Housing plc Future Business Centre Kings Hedges Road Cambridge CB4 2HY
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Solicitors

Low Beaton Richmond Sterling House 20 Renfield Street Glasgow G2 5AP	TC Young 7 West George Street Glasgow G2 1BA	BTO 48 St Vincent Street Glasgow G2 5HS
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Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014. Registered number 1818 R(S)
Scottish Charity Number	SC039891
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 161

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

The Management Committee present their report and the audited financial statements for the year ended 31 March 2025.

Legal Status

Milnbank Housing Association (MHA) is a community benefit society registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014. It is also a registered social landlord (RSL), regulated by the Scottish Housing Regulator (SHR) under the Housing (Scotland) Act 2010. In addition, MHA is a charity registered with the Office of the Scottish Charity Regulator (OSCR) under the Charities and Trustee Investment (Scotland) Act 2005.

Principal Activities

The Group consists of Milnbank Housing Association Limited and Milnbank Property Services Limited. The principal activity of the Association is the provision of social rented accommodation. The principal activity of Milnbank Property Services Limited is the provision of factoring services, including the provision of repair and maintenance services.

The Group's primary objective is to provide low-cost high-quality housing to its tenants and actively engage in the improvement of the community.

Our Strategic Aims

Milnbank Housing Association's mission statement outlines its commitment to the local community and undertakes strategic aims. Providing excellent homes and services in a thriving community, we will always strive to make sure that people living in Dennistoun and Haghill:

- have warm, safe, and affordable homes, and receive excellent services from MHA;
- Live in neighbourhoods that are clean and well cared for, with real community pride; and
- Have access to opportunities and services that promote a good quality of life

MHA'S core values are:

1. Working together and valuing each other
2. Aiming for excellence and continuous improvement
3. Getting things right first time
4. Working as "One Milnbank" to provide consistent, high-quality services and housing
5. Always putting customers and the community first
6. Taking a "can-do" approach in everything we do
7. Being accountable to residents and the community
8. Working in a creative and innovative way

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

Performance of Business and Future Developments

The Association has had a productive year, achieving several important milestones that have strengthened our ability to deliver high-quality services for the Milnbank Housing Association Community.

Our current Business Plan was launched in May 2023 and sets out our ambitions over a three-year period. The strategic themes of consolidating, developing, and improving the performance of MHA's core business as a housing provider and property manager; safeguarding the resilience of the business during challenging economic times; addressing community support needs sustainably; and exploring possible growth in our role as a property factor, subject to business review and options appraisal, are now firmly embedded within our operational plans. These priorities guide our daily work and ensure our objectives are met. As outlined in our plan, the better use of technology has been a key focus, both to empower tenants and to help staff work more efficiently. Providing quality customer service has also been a key priority.

In progressing our digital transformation strategy, we launched the HomeMaster Tenant Portal, enabling tenants to securely view their information online. In addition, housing applications can now be completed digitally, making the process more accessible and streamlined. At the same time, we recognise the importance of ensuring no tenant is excluded from our services. For that reason, we continue to maintain a front-facing reception with duty officers from each function available to handle enquiries quickly and effectively. To further support inclusion, we have also introduced digital learning classes, helping tenants build confidence and skills in accessing online services.

Operationally, our performance has remained strong throughout the year, demonstrated by our continued 100% compliance with annual gas safety inspections and the ongoing monitoring of the energy performance of our housing stock. The Association has also continued to invest in its homes, with £597,731 spent on component replacements, including new gas boilers and kitchen installations. Looking ahead, the next financial year will see a significant increase in planned asset investment, ensuring that our properties remain safe, modern, and sustainable for the future.

We continue to play our part in supporting a range of wider role activities, including the delivery of welfare advice through our Income Maximisation Team and ongoing work from our Community Engagement Team. While it has been necessary to take difficult decisions to reduce some aspects of this activity, we remain committed to providing a significant level of support to our tenants and the wider community.

Rent arrears have reduced further over the year, despite the financial challenges many tenants continue to face. We are extremely grateful to our tenants for prioritising their rent payments during such difficult times, as this helps to protect the Association's financial stability and supports reinvestment in homes and services.

Looking ahead to 2025/26, our financial planning strategy sets out our ambition to build new homes while continuing to invest in our existing stock through the installation of new kitchens and essential stonework repairs.

We are also pleased to report good progress on our new-build project at the former Haghill Primary School site in Marwick Street, which will deliver 48 high-quality homes for affordable social rent. This development will not only provide much-needed housing but will also play a central role in the regeneration of an area that has suffered decline since the closure of the school in 2004.

We have successfully improved the efficiency of our operations, as demonstrated in these financial statements, which show a continued surplus for the second consecutive year following a deficit in earlier periods. Looking ahead, we will remain focused on maximising income and controlling costs, while ensuring sustained investment in our homes and community assets."

A range of community support services will continue to be provided, including community engagement, income maximisation, and the use of community halls. The affordability of existing commitments will be reviewed to assess their impact on MHA's overall business, helping to identify future priorities for support.

Performance of Business and Future Developments (continued)

The Management Committee have reviewed the results for this year and has reviewed the financial projections for the next five years along with forecasts set out in the Association's 30-year Financial Plan. The projections have been stress tested for variations in interest, inflation and rent income and include proposed improvements to current housing stock and the funding requirements for this work. However, prolonged challenges from inflation and higher interest rates for borrowing place considerable financial pressure on the short to medium term.

Financial stability and effective treasury management are essential for realising our vision and goals. Our priority is making sound long-term decisions, with our future plans centred on achieving efficiencies and carefully managing risks to meet our objectives.

We will continue to invest in our people, allowing them to grow and develop, to influence and be part of the future success of our organisation, nurturing a positive, inclusive culture, promoting our Association as a great place to work.

The asset management strategy continues to align with MHA's business objectives, ensuring continued financial viability and compliance with lender obligations while safeguarding stakeholder interests. The performance of existing assets is being monitored and managed, with the strategy aiding the Management Committee in assessing whether current and future homes are fit for purpose. approach.

There has been excellent progress with our Customer First Strategy, with staff training and new procedures now in place to strengthen customer engagement. Housing Officers continue to carry out annual tenancy visits, using these opportunities to provide support and advice to tenants. Alongside this, the development of the customer portal is helping to improve the quality and accessibility of our customer service. Looking ahead, next year we will be pursuing accreditation under the Customer Service Excellence Standard.

Governance and Organisational Management

MHA will maintain compliance with regulatory standards and guidance while working to retain and attract local residents to serve on the Management Committee and our subsidiary, Milnbank Property Services. Ongoing efforts will promote management committee membership and other forms of community involvement through a successful program of meetings and activities.

Value for Money (VFM)

MHA's organisation-wide VFM Strategy will continue to be monitored to ensure that VFM objectives are robustly pursued in all business areas. Conversations with tenants will continue to better understand their needs and priorities, guiding decisions on where to provide better value for money. Milnbank will build upon its improved performance on VFM indicators while keeping firm control over running costs and reducing non-essential expenditures. The MHA rent harmonisation strategy will be further implemented to ensure rents are fairer and more consistent. A financial plan will be developed to balance MHA's operating costs with the funding required for housing stock investment. This plan will include future rent increases to bring rents to a sustainable level while maintaining value for tenants. Rent affordability will be tested against the MHA benchmark to ensure that working households do not spend more than 30% of their net earnings on rent, with all rents passing this test comfortably for 2025/26.

Implementation of the organisational objectives as set out in the Business Plan will be comprehensive Work Plans that have been adopted to cover each function. Work Plans are also informed by the Tenant Satisfaction Survey and ongoing feedback from the Association's tenants and owners.

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

Risk and Uncertainties

The Association recognises the risks and uncertainties that it faces and maintains a comprehensive Risk Audit Register to cover all aspects of its operations. The register is reviewed regularly, with a rating system applied to categorise each risk. Key risks highlighted and recognised with high-scoring areas are monitored by the Audit and Risk Committee then reported to the Management Committee. The major risks remain around the severe deterioration in external economic conditions (the increased cost of living; the conflict in Ukraine), the loss of rental income and higher rent collection costs due to universal credit and other factors and MHA ensuring compliance with the various legal and regulatory requirements.

Financial review

Group

Turnover for the year increased to £8,374,638 from £7,912,842 due to an increase in rental income and revenue by Milnbank Property Services Limited as there were higher rechargeable repairs to owners, as well as an increase in the management fee. The Group and the Association continue to take steps to reduce costs and these efforts have resulted in a surplus for the year of £984,078 compared with a surplus in the prior year of £364,940 although these surpluses are before actuarial movements. After actuarial gains of £81,000 - (2024 Loss (£331,000)), the overall surplus for the year is £1,065,078 (2024: £33,940).

Association

In line with the performance of the Group, the turnover for the Association has increased to £7,537,426 from £7,408,863 in the prior year with a healthy surplus, after actuarial movements, of £1,042,114 (2024: £40,560).

Milnbank Property Services Limited

Turnover increased from £781,402 to £979,012 in 2025. The profit after providing for taxation amounted to £31,295 (2024 - £5,090).

Financial and non-financial key performance indicators

The Association continues to perform well across key indicators by showing strong returns against all elements of the Annual Return on the Charter to the Scottish Housing Regulator. The Association still has amongst the lowest average rents across the sector and carried out a comprehensive tenant satisfaction survey in 2023 which confirmed that the Association enjoys strong satisfaction levels. 91% of those surveyed were satisfied with the overall service provided by the Association (Indicator 1). The Association enjoys similar positive outcomes against other ARC indicators, all of which exceeded a 90% satisfaction rate.

The Association is also fully compliant with all funding and lending covenants.

Going Concern

The financial statements have been prepared on a going concern basis, which the Management Committee consider to be appropriate for the following reasons:

The Group prepares a 30-year business plan which is updated and approved on an annual basis. As well as considering the impact of a number of scenarios on the business plan the Management Committee also adopted a stress-testing framework against the base plan. The stress testing impacts were measured against minimum cash levels and peak borrowing levels compared to current facilities with potential mitigating actions identified to reduce expenditure.

The Management Committee, after reviewing budgets for 2025/26 and the medium-term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group has adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Management Committee and Executive Officers

The Management Committee and executive officers of the Association are listed on the first page of the financial statements. Each member of the Management Committee holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors, they act as executives within the authority delegated by the Management Committee.

Related Party Transactions

Some members of the Management Committee are tenants or factored owners. Their tenancies are on the Association's normal tenancy terms, and they cannot use their positions to their advantage. Details of transactions with Committee members in the year is included in note 26 of the financial statements.

Auditor

The re-appointment of Azets Audit Services will be proposed at the Annual General Meeting.

Governance

The Association is governed by the Management Committee. The full Management Committee meets monthly with a holiday recess in July. The Committee meetings are structured so that strategic and operational issues are considered separately, with the Management Committee reviewing strategic issues and the Sub Committees reviewing more operational issues. The Audit & Risk Sub Committee meets three times per year to review the management accounts, financial matters of the Association, internal audit compliance and key risk areas. The Audit & Risk Subcommittee also considers the effectiveness of good governance, regulatory compliance and financial integrity, then reports on its full remit with recommendations and approvals to the full Management Committee. Regular training and awareness sessions are held to support the various Committees both internally and externally.

In line with SHR requirements, regular Committee appraisals are carried out and training logs are maintained for each Committee member. Members are elected annually at the Association's AGM in September as the rotation requires and in line with SHR expectations on the length of service that members can retain. The day-to-day operations of the Association are passed to the Leadership Team under the appropriate delegated authority and limits.

The Association reviews its compliance with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management on a rolling programme. The current engagement with the Scottish Housing Regulator is Compliant.

Statement of the Management Committee's Responsibilities

Housing Association legislation requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for the year ended on that date. In preparing those financial statements the Management Committee are required to:-

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements.

The Management Committee is also responsible for safeguarding the assets of the Group and the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Management Committee is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

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

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

Statement on Internal Financial Control

The Management Committee acknowledge their ultimate responsibility for ensuring that the Group and 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 Group and the Association or for publication.
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

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

- (a) 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 Group's and the Association's assets;
- (b) experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable, and up to date financial and other information. Significant variances from budgets are investigated as appropriate;
- (d) all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members;
- (e) the Leadership Team performs internal audit reviews and reports back to the Committee on the findings; in addition, "external" internal audits will be undertaken as required to provide further assurance. A firm of internal auditors, including Alexander Sloan, has completed Year 3 of a 3-year rolling programme.

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

Statement on Internal Financial Control (continued)

- (f) the Management Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor, internal auditor and the Compliance Officer.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Group and the Association for the year ended 31 March 2025. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which required disclosure in the financial statements or in the auditor's report on the financial statements.

By order of the Management Committee

**M Hutchison
Secretary**

Dated: 26 August 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILNBANK HOUSING ASSOCIATION
LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2025 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILNBANK HOUSING ASSOCIATION ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

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 Management Committee 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.

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's responsibilities set out on pages 5 and 6 of the Report of the Management Committee 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 Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILNBANK HOUSING ASSOCIATION ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

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

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

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

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

- the engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the Leadership team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILNBANK HOUSING ASSOCIATION ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

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

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

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

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

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

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

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

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

MILNBANK HOUSING ASSOCIATION LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILNBANK HOUSING ASSOCIATION ON
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 9 September 2025

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

REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF MILNBANK HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 and 7 concerning the Group's and the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Group's and the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

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

Date: 9 September 2025

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

MILNBANK HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £	2025 £	2025 £	2024 £	2024 £	2024 £	2024 £
		Continuing operations	Discontinued Operations	Total	Continuing operations	Discontinued operations	Total	Total
Turnover	4	8,374,638	-	8,374,638	7,766,745	146,097	7,912,842	
Operating expenditure	4	(6,799,216)	-	(6,799,216)	(6,922,497)	(275,393)	(7,197,890)	
Operating surplus/(deficit)	4	1,575,422	-	1,575,422	844,248	(129,296)	714,952	
Gain on disposal of property, plant and equipment		-	-	-	94,466	203,740	298,206	
Interest receivable and other income	10	219,587	-	219,587	147,963	-	147,963	
Interest payable and similar charges	11	(810,931)	-	(810,931)	(796,181)	-	(796,181)	
Surplus for the year before taxation		984,078	-	984,078	290,496	74,444	364,940	
Taxation	12	-	-	-	-	-	-	
Surplus for the year after taxation		984,078	-	984,078	290,496	74,444	364,940	
Other comprehensive income		-	-	-	-	-	-	
Actuarial gain/(loss) in respect of the SHAPS	21	64,000	-	64,000	(317,000)	-	(317,000)	
Actuarial gain/(loss) in respect of the Strathclyde pension scheme	21	17,000	-	17,000	(14,000)	-	(14,000)	
Total comprehensive income/(loss) for the year		1,065,078	-	1,065,078	(40,504)	74,444	33,940	

The financial statements were authorised for issue by the Management Committee on 26 August 2025 and are signed on their behalf by:

A Scott Chairperson

J O'Donnell Vice-chairperson

M Hutchison Secretary

The notes form part of these financial statements.

MILNBANK HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £	2025 £	2025 £	2024 £	2024 £	2024 £
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Turnover	4	7,537,426	-	7,537,426	7,262,766	146,097	7,408,863
Operating expenditure	4	(5,993,299)	-	(5,993,299)	(6,380,819)	(275,393)	(6,656,212)
Operating surplus/(deficit)	4	1,544,127	-	1,544,127	881,947	(129,296)	752,651
Gain on disposal of property, plant and equipment		-	-	-	94,466	203,740	298,206
Interest receivable and other income	10	219,587	-	219,587	147,963	-	147,963
Interest payable and similar charges	11	(810,931)	-	(810,931)	(796,181)	-	(796,181)
Gift aid from subsidiaries	26	8,331	-	8,331	10,469	-	10,469
Costs associated with wind up of subsidiary		-	-	-	(41,548)	-	(41,548)
Surplus for the year before taxation		961,114	-	961,114	297,116	74,444	371,560
Taxation	12	-	-	-	-	-	-
Surplus for the year after taxation		961,114	-	961,114	297,116	74,444	371,560
Other comprehensive income							
Actuarial gain/(loss) in respect of the SHAPS	21	64,000	-	64,000	(317,000)	-	(317,000)
Actuarial gain/(loss) in respect of the Strathclyde pension scheme	21	17,000	-	17,000	(14,000)	-	(14,000)
Total comprehensive income/(loss) for the year		1,042,114	-	1,042,114	(33,884)	74,444	40,560

The financial statements were authorised for issue by the Management Committee on 26 August 2025 and are signed on their behalf by:

A Scott

Chairperson

J O'Donnell

Vice-chairperson

M Hutchison

Secretary

The notes form part of these financial statements.

MILNBANK HOUSING ASSOCIATION LIMITED

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

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2025**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2024	704	15,038,360	15,039,064
Total comprehensive income	-	1,065,078	1,065,078
Share capital issued	36	-	36
Share capital cancelled	(148)	-	(148)
Balance at 31 March 2025	<u>592</u>	<u>16,103,438</u>	<u>16,104,030</u>

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2024**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2023	760	15,004,420	15,005,180
Total comprehensive loss	-	33,940	33,940
Share capital issued	39	-	39
Share capital cancelled	(95)	-	(95)
Balance at 31 March 2024	<u>704</u>	<u>15,038,360</u>	<u>15,039,064</u>

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2025**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2024	704	15,033,200	15,033,904
Total comprehensive income	-	1,042,114	1,042,114
Share capital issued	36	-	36
Share capital cancelled	(148)	-	(148)
Balance at 31 March 2025	<u>592</u>	<u>16,075,314</u>	<u>16,075,906</u>

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2024**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2023	760	14,992,640	14,993,400
Total comprehensive income	-	40,560	40,560
Share capital issued	39	-	39
Share capital cancelled	(95)	-	(95)
Balance at 31 March 2024	<u>704</u>	<u>15,033,200</u>	<u>15,033,904</u>

The notes form part of these financial statements

MILNBANK HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

	Note	2025 £	2024 £
Tangible fixed assets			
Housing properties	13	34,675,510	34,564,813
Other fixed assets	13	921,873	935,907
	13	35,597,383	35,500,720
Current assets			
Debtors	16	843,065	1,069,658
Cash at bank and in hand and cash equivalents	17a	2,288,160	2,202,093
Investments – bank deposits > 3 months	17b	5,098,391	4,300,000
		8,229,616	7,571,751
Creditors: amounts falling due within one year	18	(3,186,496)	(3,369,471)
Net current assets		5,043,120	4,202,280
Total assets less net current assets		40,640,503	39,703,000
Creditors: amounts falling due after more than one year	19	(24,002,473)	(24,077,936)
Pension - SHAPS defined benefit liability	21	(551,000)	(586,000)
Pension - Strathclyde defined benefit asset	21	17,000	-
Deferred taxation	22	-	-
Net assets		16,104,030	15,039,064
Capital and reserves			
Share capital	23	592	704
Revenue reserve	24	16,103,438	15,038,360
		16,104,030	15,039,064

The financial statements were authorised for issue by the Management Committee on 26 August 2025 and are signed on their behalf by:

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Chairperson

J O'Donnell

Vice-chairperson

M Hutchison

Secretary

The notes form part of these financial statements.

MILNBANK HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025**

	Note	2025 £	2024 £
Tangible fixed assets			
Housing properties	13	34,675,510	34,564,813
Other fixed assets	13	921,873	935,907
	13	<u>35,597,383</u>	<u>35,500,720</u>
Investments			
Investments in subsidiaries	15	1	2
Current assets			
Debtors	16	806,582	1,092,197
Cash at bank and in hand and cash equivalents	17a	2,092,732	2,049,657
Investments – bank deposits > 3 months	17b	5,098,391	4,300,000
		<u>7,997,705</u>	<u>7,441,854</u>
Creditors: amounts falling due within one year	18	<u>(2,982,710)</u>	<u>(3,244,736)</u>
Net current assets		<u>5,014,995</u>	<u>4,197,118</u>
Total assets less net current assets		40,612,379	39,697,840
Creditors: amounts falling due after more than one year	19	(24,002,473)	(24,077,936)
Pension - SHAPS defined benefit liability	21	(551,000)	(586,000)
Pension - Strathclyde defined benefit asset	21	17,000	-
Net assets		<u>16,075,906</u>	<u>15,033,904</u>
Capital and reserves			
Share capital	23	592	704
Revenue reserve	24	16,075,314	15,033,200
		<u>16,075,906</u>	<u>15,033,904</u>

The financial statements were authorised for issue by the Management Committee on 26 August 2025 and are signed on their behalf by:

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Chairperson

J O'Donnell

Vice-chairperson

M Hutchison

Secretary

The notes form part of these financial statements.

MILNBANK HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
Net cash generated from operating activities	28		2,423,543		1,348,952
Cash flow from investing activities					
Purchase of tangible fixed assets		(971,792)		(1,513,200)	
Proceeds from sale of tangible fixed assets		-		744,667	
Interest received		219,587		147,963	
Transfers to investments – bank deposit account		(798,391)		(1,800,000)	
Receipt of deferred Government Capital grant		351,580		843,376	
			(1,199,016)		(1,577,194)
Cash flow from financing activities					
Interest paid		(890,854)		(893,105)	
Repayment of borrowings		(247,642)		(246,782)	
SHAPS past service deficit payments		-		-	
Issue of share capital		36		39	
			(1,138,460)		(1,139,848)
Net changes in cash and cash equivalents			86,067		(1,368,090)
Cash and cash equivalents at 1 April			2,202,093		3,570,183
Cash and cash equivalents at 31 March			2,288,160		2,202,093

(i) Analysis of changes in net debt

	At 1 April 2024 £	Cash flows £	Other non- cash changes £	At 31 March 2025 £
Cash and cash equivalents				
Cash and cash equivalents	2,202,093	86,067	-	2,288,160
Investments				
Deposit accounts	4,300,000	798,391	-	5,098,391
Borrowings				
Debt due within one year	(350,924)	247,642	(247,642)	(350,924)
Debt due after one year	(20,440,711)	-	356,566	(20,084,145)
	(20,791,635)	247,642	108,924	(20,435,069)
Total	(14,289,542)	1,132,100	108,924	(13,048,518)

The notes form part of these financial statements.

MILNBANK HOUSING ASSOCIATION LIMITED

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

	Notes	£	2025 £	£	2024 £
Net cash generated from operating activities	28		2,380,551		1,520,278
Cash flow from investing activities					
Purchase of tangible fixed assets		(971,792)		(1,513,200)	
Proceeds from sale of tangible fixed assets		-		744,667	
Interest received		219,587		147,963	
Transfer to investment					
Deposit account		(798,391)		(1,800,000)	
Receipt of deferred Government capital grant		351,580		843,376	
			(1,199,016)		(1,577,194)
Cash flow from financing activities					
Interest paid		(890,854)		(893,105)	
Repayment of borrowings		(247,642)		(246,782)	
SHAPS past service deficit payments		-		-	
Issue of share capital		36		39	
			(1,138,460)		(1,139,848)
Net changes in cash and cash equivalents			43,075		(1,196,764)
Cash and cash equivalents at 1 April			2,049,657		3,246,421
Cash and cash equivalents at 31 March			2,092,732		2,049,657

(i) Analysis of changes in net debt

	At 1 April 2024 £	Cash flows £	Other non-cash changes £	At 31 March 2025 £
Cash and cash equivalents				
Cash and cash equivalents	2,049,657	43,075	-	2,092,732
Investments				
Deposit accounts	4,300,000	798,391	-	5,098,391
Borrowings				
Debt due within one year	(350,924)	247,642	(247,642)	(350,924)
Debt due after one year	(20,440,711)	-	356,566	(20,084,145)
	(20,791,635)	247,642	108,924	(20,435,069)
Total	(14,441,978)	1,089,108	108,924	(13,243,946)

The notes form part of these financial statements.

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

1. General Information

The Association is registered under The Co-operative & Community Benefit Societies Act 2014. The group financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Determination of Accounting Requirements issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018.

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

The presentation currency is pounds sterling, and the financial statements are rounded to the nearest whole number.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is 161. The registered address is 53 Ballindalloch Drive, Glasgow, G31 3DQ.

2. Accounting policies

Introduction and accounting basis

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2025, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2025 and of the results for the year ended on that date.

Going Concern

On an annual basis, the Association produces long-term financial forecasts, extending for 30 years. These forecasts are based on the most up-to-date and accurate information available. The projections include the Life Cycle Costings model which was prepared by using the results from the latest Stock Condition Survey.

The forecasts project healthy surpluses and cash reserves in the next 5 years and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Management Committee continues to adopt the going concern basis of accounting in preparing the annual financial statements for the Group and the Association.

2. Accounting policies (continued)

Turnover

Milnbank Housing Association Limited

Turnover represents rental and service charge income, fees for the provision of supported housing, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

Income from rental and service charges and commercial letting activities is recognised when the Association is entitled to it, it is probable it will be received, and it can be measured reliably.

Milnbank Property Services Limited

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Turnover is recognised when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred in respect of the transaction can be measured reliably.

Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income when the Group is entitled to it.

Interest payable

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

Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes: -

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government or Glasgow City Council for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

2. Accounting policies (continued)

Fixed assets - Housing properties (continued)

All invoices and architects' certificates relating to capital expenditure incurred in the year are included in the accounts for the year at net value, provided that the dates of issue or valuation are prior to the year-end. At the year-end a retention creditor is recognised for all outstanding retentions.

Expenditure on schemes which are subsequently aborted are written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

Depreciation

1. Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified:

Land - not depreciated	
Structure – over 100 years	
Internal walls – over 20 years	
Kitchen – over 15 years	
Bathrooms – over 30 years	
Boiler – over 20 years	
Central Heating / Fixtures – over 20 years	
Windows – over 30 years	
Rewiring / Electrics – over 20 years	
Common Doors – over 30 years	
Smoke Detectors - over 10 years	

Shared ownership units are depreciated over 100 years.

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used: -

Furniture, fittings, & equipment	-	20% reducing balance
Office and storage units	-	2% straight line
Nursery	-	2% straight line

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

The nursery was rented out to a third party from 8 January 2024 who continues to use the premises as a nursery. The nursery is viewed as being a community asset and the provision of the nursery, via this 3rd party, is still considered to meet the charitable objectives of the Group in respect of ensuring the provision of a nursery service to the benefit of the community. Thus the nursery is held at cost less depreciation within other fixed assets rather than an investment property at fair value.

Investment properties relate to lock ups which are held at their fair value at each year end.

2. Accounting policies (continued)

Financial instruments

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

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

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

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

Debtors

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

Rental Arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 16.

Cash & cash equivalents

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

Current asset investments

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

Creditors

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

2. Accounting policies (continued)

Government capital grants

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

Government revenue grants

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

Non-government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

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

Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Security for these loans is only possible once approval has been given by the Scottish Government.

Pensions (note 21)

Scottish Housing Association Pension Scheme (SHAPS) and Strathclyde Pension Fund (SPF)

The Group (via Milnbank Housing Association Limited) participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and Strathclyde Pension Fund (SPF) and retirement benefits to employees of the Group are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

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

2. Accounting policies (continued)

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

Auto-enrolment

The Group is also a member of the SHAPS defined contribution scheme and this scheme is used for auto-enrolment. The cost of the employer's contributions is charged to the Statement of Comprehensive Income on an accruals basis.

Financial Commitments

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

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

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

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

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

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

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

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property, plant, and equipment	The useful lives of property, plant and equipment are based on the knowledge of the Leadership team, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme and Strathclyde Pension Scheme.	This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.
Impairment of social housing unit	If there are any impairment indicators the carrying value of the social housing unit less any unamortised deferred Government capital grant is compared against the estimated depreciated replacement cost.

MILNBANK HOUSING ASSOCIATION LIMITED

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

4. Particulars of turnover, operating expenditure and operating surplus/(deficit)

Group	2025 Turnover £	Operating expenditure £	2025 Operating surplus/ (deficit) £	Turnover £	Operating expenditure £	2024 Operating surplus /(deficit) £
Affordable letting activities (Note 5)	7,348,580	(5,808,066)	1,540,514	7,093,171	(5,704,434)	1,388,737
Other activities (Note 6)	188,846	(185,233)	3,613	315,692	(951,778)	(636,086)
Milnbank Property Services Limited	979,012	(947,717)	31,295	781,402	(776,312)	5,090
Milnbank Community Enterprises Limited	-	-	-	39,377	(82,166)	(42,789)
Less: intergroup service level agreement*	(141,800)	141,800	-	(316,800)	316,800	-
	<u>8,374,638</u>	<u>(6,799,216)</u>	<u>1,575,422</u>	<u>7,912,842</u>	<u>(7,197,890)</u>	<u>714,952</u>
Association						
Affordable letting activities (Note 5)	7,348,580	(5,808,066)	1,540,514	7,093,171	(5,704,434)	1,388,737
Other activities (Note 6)	188,846	(185,233)	3,613	315,692	(951,778)	(636,086)
	<u>7,537,426</u>	<u>(5,993,299)</u>	<u>1,544,127</u>	<u>7,408,863</u>	<u>(6,656,212)</u>	<u>752,651</u>

*A service level agreement has been entered into between the Association and its subsidiary. The Association charged a service charge of £141,800 (2024: £306,900) to Milnbank Property Services Limited and £nil (2024: £9,900) to Milnbank Community Enterprises Limited. On consolidation this charge is removed to arrive at the Group turnover and operating expenditure.

MILNBANK HOUSING ASSOCIATION LIMITED

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

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

Association	General Needs Housing £	Supported Housing* £	Shared Ownership £	2025 Total £	2024 Total £
Income from rent and service charges					
Rent receivable net of service charges	7,125,459	-	7,486	7,132,945	6,657,931
Service charges	-	-	-	-	-
Gross income from rents and service charges	7,125,459		7,486	7,132,945	6,657,931
Less voids	(37,277)	-	-	(37,277)	(35,226)
Net income from rents and service charges	7,088,182		7,486	7,095,668	6,622,705
Other revenue grants	-	-	-	-	-
Other income	14,103	-	-	14,103	31,845
Amortisation of deferred government capital grants	61,998	-	8,479	70,477	70,477
Stage 3 adaptations grant	26,532	-	-	26,532	51,344
Service level agreement ***	141,800	-	-	141,800	316,800
Total turnover from affordable letting activities	7,332,615		15,965	7,348,580	7,093,171
Expenditure					
Management and maintenance administration costs****	(3,270,124)	-	-	(3,270,124)	(3,511,015)
Service charges	-	-	-	-	(1,373)
Planned cyclical maintenance including major repairs	(729,080)	-	-	(729,080)	(631,961)
Reactive maintenance costs	(985,683)	-	-	(985,683)	(865,254)
Bad debts – rents and service charges	(8,533)	-	-	(8,533)	86,284
Impairment	-	-	-	-	-
Depreciation of social housing**	(806,150)	-	(8,496)	(814,646)	(781,115)
Operating expenditure for affordable letting activities	(5,799,570)		(8,496)	(5,808,066)	(5,704,434)
Operating surplus on affordable letting activities, 2025	1,533,045		7,469	1,540,514	
Operating surplus on affordable letting activities, 2024	1,388,737				1,388,737

MILNBANK HOUSING ASSOCIATION LIMITED

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

5. Particulars of turnover, operating expenditure, and operating surplus from social letting activities (continued)

*Relates to Walpole and Circus Drive. **Depreciation includes £754,494 (2024: £727,079) of actual depreciation, and the net book value of disposed components of £60,152 (2024: £54,036) which has been included in depreciation in accordance with the SORP.

****The cost of providing the management services to the subsidiaries are included in management and maintenance administrations costs and therefore the income from the service loan agreement is included in this note.

****[Includes £27,342 (2024: £38,417) of redundancy costs

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

Association	£	£	£	2025	2025	2025	2024	2024	2024
	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating expenditure	Surplus /(Deficit)	Total Turnover	Operating expenditure	(Deficit)
Wider role activities #	-	79,544	47,092	126,636	(70,518)	56,118	169,595	(463,599)	(294,004)
Community services ~	-	-	-	-	(114,715)	(114,715)	-	(212,786)	(212,786)
Carbon Footprint Nursery	-	-	50,000	50,000	-	50,000	146,097	(275,393)	(129,296)
Other income	-	-	12,210	12,210	-	12,210	-	-	-
Total from other activities - 2025	-	79,544	109,302	188,846	(185,233)	3,613	-	-	-
Total from other activities - 2024	-	169,595	146,097	-	-	-	315,692	(951,778)	(636,086)

Undertaken to support the community, other than the provision, construction, improvement, and management of housing.

~ This is respect of CCTV.

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

7. Directors' Emoluments – Group and Association

The directors are defined as the members of the Management Committee, the Chief Executive Officer (previously Director) and any other person reporting directly to the Chief Executive Officer or the Management Committee. The Association considers key management personnel to be the Management Committee and the Leadership Team (the Executive Officers as per the first page of the financial statements and the other members of management team) of the Association. The Management Committee received remuneration of £nil (2024: £nil) for their services in the year.

	2025	2024
	£	£
Total emoluments of the Director (excluding pension contributions)	95,294	84,446

The Chief Executive Officer is a member of the Association's defined contribution pension scheme, as described in note 21. The Chief Executive Officer's pension contributions in the year to 31 March 2025 was £8,985 (2024: £13,471).

Total emoluments paid to those earning more than £60,000 excluding pension contributions	246,942	160,062
Pension contributions paid to those earning more than £60,000	23,573	26,974

Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-

	No	No
£65,001 - £70,000	1	-
£70,001 - £75,000	-	-
£75,001 - £80,000	-	1
£80,001 - £85,000	1	1
£85,001 - £90,000	-	-
£91,001 - £95,000	-	-
£95,001 - £100,000	1	-

	£	£
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	-	-

Total emoluments paid to key management personnel (being the Executive officers and the management team) including pension contributions and employers' NI	435,697	528,424
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MILNBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

8. Employee Information

Group

	2025 No.	2024 No.
The full-time equivalent number of employees employed during the year was:		
Administration & Finance	10	12
Housing services management	9	9
Property services (including maintenance)	20	15
Wardens & Cleaners	-	1
Nursery	-	5
Wider role	7	5
Milnbank Community Enterprise Limited	-	2
	<u>46</u>	<u>49</u>
	2025 £	2024 £
Staff costs (including Directors' Emoluments):		
Wages and salaries	1,748,676	1,896,186
Social security costs	153,982	178,248
Pension costs	141,264	185,261
Defined benefit pension charge – Strathclyde pension fund (note 21)	7,000	-
Defined benefit pension charge - SHAPS (note 21)	-	(4,000)
	<u>2,050,922</u>	<u>2,255,695</u>

Included in payroll costs are £27,342 (2024: £38,417) of redundancy costs.

Association

	2025 No.	2024 No.
The full-time equivalent number of employees employed during the year was:		
Administration & Finance	10	12
Housing services management	9	9
Property services (including maintenance)	20	15
Housing with Support	-	-
Wardens & Cleaners	-	1
Nursery	-	5
Wider role	7	5
	<u>46</u>	<u>47</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

8. Employee Information (continued)

	2025 £	2024 £
Staff costs (including Directors' Emoluments):		
Wages and salaries	1,748,676	1,834,202
Social security costs	153,982	174,672
Pension costs	141,264	184,892
Defined benefit pension charge – Strathclyde Pension Fund (note 21)	7,000	-
Defined benefit pension liability – SHAPS (note 21)	-	(4,000)
	<u>2,050,922</u>	<u>2,189,766</u>

Included in payroll costs are £27,342 of redundancy costs (2024: £38,417).

9. Operating Surplus

Group

	2025 £	2024 £
Operating surplus is stated after charging:		
Depreciation on tangible fixed assets	814,977	784,663
Depreciation due to loss on disposal of components	60,152	54,036
Auditor's remuneration (excluding VAT)		
- In their capacity as auditor	26,430	28,615
- In respect of other services	4,220	3,980
	<u>814,977</u>	<u>784,663</u>

Association

	2025 £	2024 £
Operating surplus is stated after charging:		
Depreciation on tangible fixed assets	814,977	784,393
Depreciation due to loss on disposal of components	60,152	54,036
Auditor's remuneration (excluding VAT)		
- In their capacity as auditor	18,750	17,850
- In respect of other services	635	2,400
	<u>814,977</u>	<u>784,393</u>

10. Interest Receivable and Other Income – Group and Association

	2025 £	2024 £
Interest receivable on deposits	<u>219,587</u>	<u>147,963</u>

MILNBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

11. Interest payable and similar charges – Group and Association

	2025 £	2024 £
On private loans*	890,855	893,105
SHAPS finance charge (note 21)	29,000	12,000
Release of bond creditor	(108,924)	(108,924)
	<u>810,931</u>	<u>796,181</u>

*Includes £8,000 (2024: £8,000) arrangement fee amortisation.

12. Taxation

Group

The Association is not subject to corporation tax on its charitable activities. However, the surpluses from non-charitable activities are subject to taxation. No corporation tax was due on non-charitable activities (2024: £nil). No corporation tax arose in the subsidiary (2024: £nil) due to gift aid payments that are to be made to the Association.

Association

As a charity, Milnbank Housing Association Limited's charitable activities are not subject to taxation. However, the surpluses from non-charitable activities may be subject to taxation. No corporation tax was due on non-charitable activities (2024: £nil).

MILNBANK HOUSING ASSOCIATION LIMITED

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

13. Tangible Fixed Assets (continued)

Group and Association	Housing Properties Held for Letting £	Housing Properties under Development £	Shared Ownership Properties £	Investment Properties £	Office and Storage Units £	Furniture Fittings & Equipment £	Nursery £	Total £
Cost								
At start of year	38,935,161	747,447	607,631	52,500	977,084	568,200	386,884	42,274,907
Additions – new units/under development	-	327,612	-	-	-	-	-	327,612
Additions – components	597,731	-	-	-	-	-	-	597,731
Additions – other fixed assets	-	-	-	-	1,740	44,709	-	46,449
Disposals – units	-	-	-	-	-	-	-	-
Disposals – components	(112,250)	-	-	-	-	-	-	(112,250)
At end of year	39,420,642	1,075,059	607,631	52,500	978,824	612,909	386,884	43,134,449
Depreciation								
At start of year	5,455,423	-	270,003	-	526,599	444,784	77,378	6,774,187
Charge for year	745,998	-	8,496	-	16,537	36,209	7,737	814,977
On disposals – units	-	-	-	-	-	-	-	-
On disposals – components	(52,098)	-	-	-	-	-	-	(52,098)
At end of year	6,149,323	-	278,499	-	543,136	480,993	85,115	7,537,066
Net Book Value								
At end of year	33,271,319	1,075,059	329,132	52,500	435,688	131,916	301,769	35,597,383
At start of year	33,479,738	747,447	337,628	52,500	450,485	123,416	309,506	35,500,720

Note 1: Properties with a cost of £nil (2024: £53,134) and depreciation of £nil (2024: £2,933) have been disposed of in the year with net proceeds totalling £nil (2024: £348,407), after the recognition of HAG repayable of £nil (2024: £396,260).

Note 2: Additions to Housing Properties during the year includes £nil (2024: £nil) capitalised interest and £nil (2024: £nil) capitalised administration costs. The amount spent on maintenance of housing properties held for letting and shared ownership properties can be seen in Note 5.

Note 3: Investment properties are valued at market value based upon valuation reports prepared for the Group by JLL, chartered surveyors.

Note 4: Included in housing properties held for letting is land with a carrying value of £6,381,393 (2024: £6,381,393) and included in shared ownership properties is land with a carrying value of £83,854 (2024: £83,854).

MILNBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

14. Housing Stock – Group and Association

The number of units of accommodation in management was as follows: -

	Units in management 2025 Improved	<i>Units in management 2024 Improved</i>
General needs	1,676	1,676
Supported – Walpole (self-contained units)	-	-
Shared ownership	7	7
	<u>1,683</u>	<u>1,683</u>

15. Investments in subsidiaries

Association	2025 £	2024 £
Investment in subsidiary undertakings	<u>1</u>	<u>2</u>

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Property Services Limited. This represents a 100% shareholding in Milnbank Property Services Limited, a company registered in Scotland, whose principal activity is the provision of factoring services including the provision of repair and maintenance services. The profit on ordinary activities after taxation for the year ended 31 March 2025 was £31,295 (2024: £5,090). The capital and reserves of Milnbank Property Services Limited as at 31 March 2025 was £28,125 (2024: £5,161).

MILNBANK HOUSING ASSOCIATION LIMITED

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

16. Debtors

Group	2025	2024
	£	£
Amounts falling due within one year:		
Rental arrears	334,301	372,877
Less: provision for bad debts	(218,665)	(218,665)
	<u>115,636</u>	<u>154,212</u>
Trade debtors	187,724	33,485
Other debtors	95,105	530,795
Prepayments and accrued income	444,600	351,166
	<u>843,065</u>	<u>1,069,658</u>

Association

	2025	2024
	£	£
Amounts falling due within one year:		
Rental arrears	334,301	372,877
Less: provision for bad debts	(218,665)	(218,665)
	<u>115,636</u>	<u>154,212</u>
Amounts owed by subsidiaries	455,153	343,307
Prepayments and accrued income	140,688	63,883
Other debtors	95,105	530,795
	<u>806,582</u>	<u>1,092,197</u>

17a. Cash and cash equivalents

Group	2025	2024
	£	£
Cash - Balances held in current accounts	438,160	1,684,985
Cash equivalents	1,850,000	517,108
	<u>2,288,160</u>	<u>2,202,093</u>

Association

	2025	2024
	£	£
Cash - Balances held in current accounts	242,732	1,532,549
Cash equivalents	1,850,000	517,108
	<u>2,092,732</u>	<u>2,049,657</u>

17b. Investments

Group and Association	2025	2024
	£	£
Balances held in deposit accounts >3 months maturity	5,098,391	4,300,000

MILNBANK HOUSING ASSOCIATION LIMITED

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

18. Creditors: amounts falling due within one year

Group	2025	2024
	£	£
Bank loans and bond	350,924	350,924
Trade creditors	389,508	586,399
Other creditors	1,666,369	1,666,427
Accruals and deferred income	352,307	257,009
Rent prepaid	318,227	316,066
Other taxes and social security	38,684	122,169
Deferred Government capital grant (Note 20)	70,477	70,477
	3,186,496	3,369,471
Secured creditors	350,924	350,924

At the year-end pension contributions of £nil (2024: £nil) were outstanding and included within other creditors.

Association	2025	2024
	£	£
Bank loans and bond	350,924	350,924
Trade creditors	377,574	563,494
Other creditors	1,666,369	1,666,427
Accruals and deferred income	160,455	200,538
Rent prepaid	318,227	270,707
Other taxes and social security	38,684	122,169
Deferred Government capital grant (Note 20)	70,477	70,477
	2,982,710	3,244,736
Secured creditors	350,294	350,924

At the year-end pension contributions of £nil (2024: £nil) were outstanding and included within other creditors.

19. Creditors: amounts falling due out with one year – Group and Association

	2025	2024
	£	£
Bank loans and bond	20,084,145	20,440,711
Deferred Government capital grant (Note 20)	3,911,502	3,630,399
SHAPS past service pension deficit liability in respect of the Growth Plan	6,826	6,826
	24,002,473	24,077,936
Secured creditors	20,084,145	20,440,711

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

19. Creditors: amounts falling due out with one year (continued)

Loans are secured by specific charges on the Association's properties. The net book value of housing properties secured at the year-end was £22.0m (2024: £22.1m). The loan outstanding to Nationwide Building Society is repayable at a rate of interest of 3.59% in instalments and is due to be repaid by 1 June 2042. The effective interest rate on the GBSH Bond Facility is 3.898% (Coupon Rate 5.193%) with the principal to be paid in February 2038. Included in the bank loans and bonds total is £1.38m of a bond premium which will be amortised over the life of the bond.

The loans and bonds are due in instalments as follows: -

	2025 £	2024 £
Due between one and two years	360,924	352,424
Due between two and five years	1,082,772	1,062,521
Due in five years or more	18,640,449	19,025,766
	<u>20,084,145</u>	<u>20,440,711</u>

20. Deferred Government capital grants – Group and Association

	2025 £	2024 £
<u>Housing grants</u>		
At 1 April	3,700,876	2,927,977
Grants received in year	351,580	843,376
Released to income in year	(70,477)	(70,477)
At 31 March	<u>3,981,979</u>	<u>3,700,876</u>

The ageing on deferred capital grants is as follows:

Due in less than one year	70,477	70,477
Due in one to two years	70,477	70,477
Due between two and five years	211,432	211,432
Due in five years or more	3,629,593	3,348,490
	<u>3,981,979</u>	<u>3,700,876</u>

21. Pensions – Group and Association
Scottish Housing Association Pension Scheme (SHAPS)

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

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

The Scheme offers six benefit structures to employers, namely: Final salary with a 1/60th accrual rate; Career average revalued earnings with a 1/60th accrual rate; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

21. Pensions – Group and Association (continued)

All staff, who are members of the pension scheme, are now in the DC scheme effective 1 September 2024. The Association had 4 members of staff in the DB scheme but exited the scheme on 31 August 2023 with these staff members transferring to the DC scheme. This Defined Contribution Scheme is used for Auto Enrolment. In the prior year, employees were auto enrolled and stayed in the Defined Contribution Scheme.

The employees can contribute as much as they wish and Milbank Housing Association will contribute 10% regardless of the employee contribution.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

The latest triennial valuation of the Scheme was performed as at 30 September 2023 by a professionally qualified actuary using the technical provisions basis. The market value of the Scheme's assets at the valuation date was £1,173 million. The valuation revealed a shortfall of assets compared to liabilities of £27 million, equivalent to a past service funding level of 98%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

21. Pensions – Group and Association (continued)

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

	31 March 2025 £'000	31 March 2024 £'000
Fair value of plan assets	3,676	4,021
Present value of defined benefit obligation	(4,227)	(4,607)
Defined benefit liability to be recognised	(551)	(586)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Defined benefit obligation at start of period	(4,607)	(4,613)
Current service cost	-	(12)
Expenses	(7)	(6)
Interest expense	(221)	(218)
Member contributions	-	(14)
Actuarial (loss) due to scheme experience	(45)	(108)
Actuarial gain due to changes in demographic assumptions	-	27
Actuarial gain/(loss) due to changes in financial assumptions	464	(1)
Benefits paid and expenses	189	338
Defined benefit liability at the end of the period	4,227	4,607

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

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Fair value of plan assets at start of the period	4,021	4,352
Interest income	192	206
Experience on plan assets (excluding amounts included in interest income) – (loss)	(355)	(235)
Employer contributions	7	22
Member contributions	-	14
Benefits paid and expenses	(189)	(338)
Fair value of plan assets at end of period	3,676	4,021

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current service cost	-	12
Admin expenses	7	6
Net interest expense	29	12
Defined benefit costs recognised in Statement of Comprehensive Income	36	30

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

21. Pensions – Group and Association (continued)

Defined benefit costs recognised in Other Comprehensive Income

	2025 £'000	2024 £'000
Experience on plan assets (excluding amounts included in net interest cost – (loss))	(355)	(235)
Experience gains and losses arising on the plan liabilities – (loss)	(45)	(108)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	27
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	464	(1)
Total amount recognised in other comprehensive income – gain/(loss)	64	(317)

Fund allocation for employer's calculated share of assets

	31 March 2025 £'000	31 March 2024 £'000
Global Equity	426	463
Absolute Return	-	181
Distressed Opportunities	-	148
Credit Relative Value	-	142
Alternative Risk Premia	-	145
Liquid Alternatives	677	-
Emerging Markets Debt	-	70
Risk Sharing	-	241
Insurance-Linked Securities	14	25
Property	182	170
Infrastructure	1	385
Private Equity	3	3
Real Assets	439	-
Private Debt	-	162
Opportunistic Illiquid Credit	-	160
Private Credit	458	-
Credit	156	-
Investment Grade Credit	168	-
High Yield	-	1
Cash	20	104
Long Lease Property	1	30
Secure Income	85	134
Liability Driven Investment	1,035	1,454
Currency Hedging	6	(2)
Net Current Assets	5	5
Total Assets	3,676	4,021

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

21. Pensions – Group and Association (continued)

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

Assumptions as at	31 March 2025 % Per annum	31 March 2024 % Per annum
Discount rate	5.77	4.89
Inflation (RPI)	3.11	3.17
Inflation (CPI)	2.78	2.77
Salary growth	3.78	3.77
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	-	-	-
Females	4	193	56
Total	4	193	56

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	4	9	52
Females	4	11	59
Total	8	20	55

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	7	66	66
Females	11	76	64
Total	18	142	65

The above membership date is at 30 September 2024. The active members includes current DB activities who have DB benefits (where applicable).

21. Pensions – Group and Association (continued)

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

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

Review of historic benefit changes

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

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

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

Strathclyde Pension Fund

There are 2 employees plus 1 retiree who are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2025	31 March 2024
Inflation / Pension Increase Rate	2.80%	2.80%
Salary increases	3.80%	3.50%
Discount rate	5.80%	4.80%

Mortality

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

	Males	Females
Current Pensioners	19.4 years	22.5 years
Future Pensioners	18.9 years	24.2 years

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

21. Pensions – Group and Association (continued)**Scheme assets**

The assets in the scheme and the expected rate of return were:

	31 March 2025 £'000	31 March 2024 £'000
Fair value of plan assets	615	704
Present value of scheme liabilities	(598)	(704)
Net pension- asset	17	-
Reconciliation of defined benefit obligation	2025 £'000	2024 £'000
Opening Defined Benefit Obligation	704	686
Current Service Cost	8	13
Past service cost	-	-
Interest cost	33	31
Plan participants contributions	2	5
Changes in financial assumptions	(110)	(26)
Changes in demographic assumptions	(1)	(10)
Other experience	(7)	79
Benefits Paid	(31)	(74)
Closing Defined Benefit Obligation	598	704
Reconciliation of fair value of employer assets	2025 £'000	2024 £'000
Opening Fair Value of Employer Assets	704	1,013
Plan participants contributions	2	5
Contributions by the Employer	1	10
Interest income on plan assets	50	47
Return on assets excluding amounts included in net interest	(13)	50
Benefits Paid	(31)	(74)
Less pension asset ceiling	(98)	(347)
Closing Fair Value of Employer Assets	615	704
Analysis of amount recognised in Other Comprehensive Income	2025 £000	2024 £000
Return on assets excluding amounts included in net interest	(13)	50
Changes in financial assumptions	30	(64)
Actuarial gain/(loss)	17	(14)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**21. Pensions – Group and Association (continued)**

Sensitivity analysis	Approximate % increase to Employer Liability	Approximate monetary amount (£000's)
0.1% decrease in real discount rate	2%	10
0.1% increase in the Salary Increase Rate	4%	24
0.1% increase in the Pension Increase Rate	0%	-
1 year increase in member life expectancy	2%	10

22. Deferred taxation - Group

	2025 £
At the start of the year	-
Released	-
At end of year	-

A deferred taxation balance is made up as follows:

	2025 £	2024 £
Fixed asset timing differences	-	-
Losses carried forward	-	-
	-	-

23. Share capital – Group and Association

	2025 £	2024 £
At 1 April	704	760
Shares of £1 each fully paid and issued during the year	36	39
Shares forfeited in year	(148)	(95)
At 31 March	592	704

A share entitles the owner the right to vote at meetings. There are no rights to receive dividends attached to the shares or to the distribution of assets should the Association be wound up.

24. Reserves

Revenue reserves represent the cumulative retained surplus and deficits.

MILNBANK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

25. Revenue Commitments – Group and Association

At the year end the Group and Association were committed to making the following payments under operating leases with the total commitments split as follows:

	Property 2025 £	Property 2024 £
Within one year	350	350
Between one and five years	1,750	1,750
More than five years	492	842
	2,592	2,942
	Other 2025 £	Other 2024 £
Within one year	146,699	177,700
Between one and five years	203,697	350,396
More than five years	-	-
	350,396	528,096

26. Related Party Transactions

Milnbank Property Services Limited

Milnbank Housing Association Limited provide support and services to Milnbank Property Services Limited. A formal service level agreement is in place. The charge for the year was £141,800 (2024: £306,900).

During the year, expenditure of £401,339 (2024: £271,189) was incurred by Milnbank Housing Association Limited on behalf of Milnbank Property Services Limited in respect of works performed to factored properties. These costs were recharged to Milnbank Property Services Limited during the year.

The balance owed to Milnbank Housing Association Limited by Milnbank Property Services Limited at 31 March 2025 was £455,153 (2024: £343,307). This is included within amounts owed by subsidiaries in debtors.

A distribution in the form of gift aid of £8,331 (2024: £10,469) was paid by Milnbank Property Services Limited to Milnbank Housing Association Limited in respect of the year 31 March 2025.

A distribution in the form of gift aid of £31,295 (2024: £8,331) will be made to Milnbank Housing Association Limited in 2025/26.

Management Committee members

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £40,781 (2024: £38,688). There are technical arrears of £20 (2024: £20) included within debtors at the year end.

Some members of the Management Committee receive factored services from Milnbank Property Services Limited. At the year-end included in debtors was £3,991 (2024: £3,737).

27. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

MILNBANK HOUSING ASSOCIATION LIMITED

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

**28. Net Cash Flow from Operating Activities
Group**

	2025	2024
	£	£
Surplus for the year	948,078	364,940
Interest payable	810,931	796,181
Interest received	(219,587)	(147,963)
Depreciation on tangible fixed assets (including loss on disposed components)	875,129	838,699
SPF – non-cash movement	-	-
SHAPS deficit movement	-	(4,000)
Decrease in stock	-	2,088
Decrease/(increase) in debtors	226,593	(346,180)
(Decrease)/increase in creditors	(182,976)	213,965
Release of deferred grant	(70,477)	(70,477)
Shares forfeited	(148)	(95)
Gain on sale of property, plant and equipment	-	(298,206)
	2,423,543	1,348,952

Association

	2025	2024
	£	£
Surplus for the year	961,114	371,560
Interest payable	810,931	796,181
Interest received	(219,587)	(147,963)
Depreciation on tangible fixed assets (including loss on disposed components)	875,129	838,429
SPF – non-cash movement	-	-
SHAPS deficit movement	-	(4,000)
Decrease/(increase) in debtors	285,615	(159,978)
(Decrease)/increase in creditors	(262,026)	194,827
Release of deferred grant	(70,477)	(70,477)
Shares forfeited	(148)	(95)
Gain on sale of property, plant and equipment	-	(298,206)
	2,380,551	1,520,278

29. Capital Commitments

	2025	2024
Group and Association	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been approved by the Management Committee but has not been contracted for	-	-

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

30. Lessor Income – Group and Association

The Association has an operating lease in respect of the lease of the nursery to a third party. The lease is for 15 years. There is a lease break on 8 January 2029. The minimum expected income under the lease to this lease break is:

	2025 £	2024 £
Within one year	51,500	50,250
Between one and five years	149,917	201,417
More than five years	-	-
	<u>201,417</u>	<u>251,667</u>