

Registered Housing Association No. HAL261
FCA Reference No. 2414R(S)
Scottish Charity No. SC040979

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2025

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2025

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES and ADVISERS

Year ended 31 March 2025

Board of Management

Iain Strachan (Resigned 26 August 2024)
James Roy Douglas (Re-elected 18 September 2024)
Adam Gray (Re-elected 18 September 2024)
James Hill (Re-elected 18 September 2024)
Lindsay Johnstone (Chair) (Re-elected 18 September 2024)
Veronica McCourt (Vice Chair) (Resigned 6 January 2025)
Drew Moore
Elaine Whyte (Resigned 25 July 24)
Alan Kennedy
Christopher Ellis
David Loudon
Monika Edwards
Haris Adrees
Keith MacDonald (Elected 19 September 2024)
Anna Przybycien (Co-opted 27 January 2025)

Executive Officers

Susan Bell (Chief Executive)

Registered Office

11 Muirhouse Medway
Edinburgh
EH4 4RW

Auditors

CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Internal Auditors

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers

The Royal Bank of Scotland
239 St John's Road
Edinburgh
EH12 7XA

Solicitors

T C Young
69a George Street
Edinburgh
EH2 2JG

MUIRHOUSE HOUSING ASSOCIATION LIMITED

1) REPORT of the BOARD OF MANAGEMENT

For the year ended 31 March 2025

The Board of Management presents its report and the Financial Statements For the year ended 31 March 2025.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefits Societies Act 2014 No. 2414R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC040979.

Principal Activities

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

Financial Review

The Association made a surplus for the year of £457,587 (2024: £349,497). Due to actuarial gains on the pension scheme of £16,000 (2024: (£119,000)), the total surplus for the year is £473,587 (2024: £230,497). The revenue reserves have increased to £7.829M (2024: £7.355M).

The Association participates in a multi-employer pension scheme, Scottish Housing Associations' Pension Scheme (SHAPS).

The defined benefit liability As at 31 March 2025 is £199,000 (2024 £215,000). The defined benefit liability is based on actuarial assumptions provided on an annual basis. The movement in the liability represents the volatility of the global markets and can therefore significantly change year on year. The liability figure doesn't represent the actual liability if it was to crystallise, the potential debt if the Association was to cease to participate in the pension scheme or on winding up is included in note 13.

Going Concern

The Board have identified no material uncertainties and have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. As a result, the going concern basis of accounting in preparing the financial statements continues to be applied.

Budgetary Process

Each year the Board approves the annual budget, as well as the five-year projections. A new strategic plan is approved on a 3-year basis, the plan is reviewed on an annual basis within the 3 years. Performance is monitored, and relevant action taken throughout the year through quarterly reporting to the Audit & Risk Committee, and Board, of variances from the budget, updated forecasts for the year where necessary together with information for key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure, and treasury management.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board. In this way, Muirhouse Housing Association ('MHA') manages its borrowing arrangements to ensure that it is always in a position to meet financial obligations as they fall due, whilst managing excess cash and liquid resources held. The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2025 MHA has a mix of fixed and variable rate finance, 60%/40% split respectively, which it considers appropriate. In August 2021, the Association completed an exercise to refinance the full loan portfolio to take advantage of the lower rates and margins, at that time, extend our maturity schedule, diversify our lender base, update our covenants and free up significant levels of encumbered housing stock.

Reserves

The Association needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs and investment needs of its properties. The revenue reserve of £7.8M reflects primarily the past investment in the housing stock and reserves for future major repairs. The Association has a cash level of £3M to support its future plans and operating requirements. The Association reviews its maintenance spending plans regularly and re-assesses them in relation to reserves and cash flows.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the year ended 31 March 2025

Review of Business and Future Developments

The Association continues to review performance to ensure compliance with regulatory requirements and participates in benchmarking and good practice events across the sector. Membership continues of the Scottish Federation of Housing Associations, Scotland's Housing Network, Share, Housing Health and Safety Compliance etc. Board members, and staff, are encouraged to attend events and conferences organised by these and similar organisations and utilise online training.

The Association has developed a new 5 years business plan for 2025-2030. This reaffirms our commitment to working in partnership, meeting the needs of our communities and the delivery of high quality homes and services.

The year was shaped by ongoing financial uncertainties, political instability, and a national housing crisis. Despite these external pressures, the Association maintained a strong focus on tenant engagement and continued to deliver strong performance across key areas of service which are important to our tenants.

Throughout the year the Association invested over £1.2 million in property improvements, including bathroom and kitchen upgrades, door replacements, and damp and mould remediation. All safety checks (gas, electrical, fire, etc.) were completed at 100% compliance.

The Association enhanced the Money Advice service which is offered free to all tenants and we continued to support initiatives such as "Come Dine with Us" and the annual festive family event which fosters community spirit and mental well-being, with overwhelmingly positive feedback from participants.

Ensuring that our employees and board members have the appropriate skills, knowledge and experience to deliver their roles remains an important aspect to ensure what we continue to meet regulatory and legal requirements.

The Association recognises that in order to provide the best possible service to our tenant and communities we continually need to adapt within the ever changing environment. To do this we ensure that our employees are given the tools and resources to perform their roles effectively.

The Association continues to work in partnership and is committed to being a community anchor as one of the organisations located in the heart of Muirhouse supporting various social enterprises.

All selected projects support our stated strategic objectives and priorities, strengthening our community partnerships, enhancing our housing services and enhancing our housing quality. They also improve the neighbourhood and environment, increase wealth and opportunities, boost health and wellbeing, and support children and young people.

MHA is also a founding member of The Alliance of Registered Co-operatives & Housing Associations, Independent in Edinburgh (ARCHIE). An alliance of 7 independent Housing Associations in Edinburgh established to share skills, experience, and resources to enable an enhanced service to be delivered to customers and the wider community.

The Association continues to perform well against all the indicators set out within the Scottish Governments Scottish Social Housing Charter and undertakes benchmarking exercises both locally, through our participation within ARCHIE, and nationally through our memberships with Scotland's Housing Network.

The Association is regulated by the Scottish Housing Regulator and throughout the year we undertook ongoing self-assessment exercises, internal audits and engaged with external consultants to ensure that the Board of Management were assured that we fully complied with the Scottish Housing Regulators Regulatory Framework. This was reported to all stakeholders, and the Association received a compliant engagement plan from the Regulator for 2025-26.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the year ended 31 March 2025

As we move into 2025/26, several key developments are expected to shape our strategic direction. Continued investment in innovation, coupled with a focus on operational efficiency, will be critical to sustaining growth and competitiveness.

Principal Risks & Uncertainties

The Association recognises the importance of effective identification, evaluation, and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

The principal risks facing the Association and their mitigating actions are as follows:

Government policy – National and local.

Board members and staff actively participate in relevant conferences and training to stay informed of current policy developments. Bodies such as SFHA ensures regular updates and sector awareness. The Association is currently gathering information on the Social Housing Net Zero Standard (SHNZS) and is developing strategies for planning, funding, and implementing necessary works to meet Scottish Government climate targets. We continue to monitor legislative developments, including the Housing (Scotland) Bill 2024, for potential impacts.

Risk to income including welfare reform.

All staff, particularly within housing management, receive ongoing training—especially in relation to Universal Credit—to support tenants and minimise income loss due to welfare reform. The Association has also engaged a Financial Inclusion Officer and an Energy Advisor to provide additional support. Tenants are kept informed of relevant changes through direct communication, newsletters, and social media.

Business continuity and disaster recovery.

Risk related to data loss or office inaccessibility are mitigated through robust IT support, regular backups, and antivirus protections. A comprehensive review of the Business Continuity Plan was undertaken in 2024 and further testing and staff training will be scheduled for 2025/26.

Development and growth.

Growth opportunities are rigorously appraised to ensure alignment with the Association's values and financial sustainability. The performance and governance of Muirhouse Homes Limited, our subsidiary, is undergoing a review by the Board and staff to mitigate any future risks.

Financial risk management and governance.

Following the successful refinancing of our loan portfolio in August 2021, the Association has achieved improved cash flow and reduced exposure to interest rate and refinancing risks. Updated Treasury Management Policies in 2024 have enhanced liquidity and risk mitigation. Governance risks are addressed through structured project planning, internal and external audits, and a robust self-assessment and assurance process.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the year ended 31 March 2025

Principal Risks & Uncertainties (Continued)

UK economy, risk of recession and cost-of living crisis.

The Association continues to manage financial risks through prudent budgeting, incorporating inflation and Bank of England base rate forecasts. The ongoing cost-of-living crisis—impacting fuel, energy, labour, and materials—has prompted a review of operational costs and development plans. 30-year financial projections include sensitivity analyses to assess the impact of economic downturns.

Governance.

The Association has leveraging the expertise of Board support consultants to ensure continuity and effective governance including Board appraisal and supporting with the development of Strategic Plan.

Emerging technologies and cybercrime.

Investments in updated software and secure data storage continued in 2024/25 enhancing cybersecurity. Ongoing staff training and awareness initiatives are in place to reduce the risk of cyber threats and we currently considering how the Association can utilise AI in the future to support and streamline services.

Risk Management comes under the remit of the Association's Audit & Risk Committee. The risk register, developed and maintained by staff, is reviewed by the Committee on a quarterly basis and significant changes/developments are highlighted to the Board of Management. Risk is assessed by considering how likely it is that an event will occur and what the impact of this would be. The likelihood and severity of each event are multiplied together to identify a rating for each risk. Risks with a score of 17 and above (maximum of 25) are highlighted in Red. A red risk is defined as an unacceptable level of risk exposure which requires constant monitoring and measures to be put in place to reduce exposure.

The Association mitigates the risk by having current controls and measures in place as well as identifying planned controls (i.e., staff training, informing tenants, reviewing policies, investing in technology, internal audit programmes etc.) and timescales for implementation to reduce exposure.

Board of Management and Executive Officers

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

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board of Management. The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the year ended 31 March 2025

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on Internal Financial Control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must, in determining how amounts are presented within items in the Statement of Comprehensive Income and the Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Members of the Board of Management are aware:

- there is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Members of the Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the year ended 31 March 2025

Statement on Internal Financial Control

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

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

It is the Board of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. **Key elements of the Association's systems include ensuring that:**

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

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

By Order of the Board of Management



LYDIA MORROW
Secretary

28 August 2025

REPORT BY THE AUDITORS TO THE MEMBERS OF
MUIRHOUSE HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 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 controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

CT Audit

CT Audit Limited
Statutory Auditor
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

11 September 2025 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUIRHOUSE HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Muirhouse Housing Association (the 'Association') for the year ended 31 March 2025 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs As at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2024.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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.

Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Board of Management in respect of a previous year of account for Muirhouse Homes Limited to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Board/Committee for that reason.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUIRHOUSE HOUSING ASSOCIATION LIMITED (continued)

Matters on which we are required to report by exception

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

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

Responsibilities of the Board of Management

As explained more fully in the Board of Management's responsibilities statement set out on page 6, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MUIRHOUSE HOUSING ASSOCIATION LIMITED (continued)**

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the **Scottish Housing Regulator's Determination of Accounting Requirements 2024**, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures against the requirements of the relevant financial reporting standards.

We also performed audit procedures to inquire of management, and those charged with governance whether the Association is in compliance with these laws and regulations, inspected correspondence with regulatory authorities including mandatory submissions to the Regulator, reviewed minutes of meetings of the Board of Management and relevant sub-committees, and reviewed available online information.

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

Use of our report

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

CT Audit

CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Date 11 September 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 £	2024 £
Turnover	2	3,680,654	3,470,955
Operating expenditure	2	(2,931,398)	(2,802,874)
Loss on disposal of fixed assets	2	(4,451)	(539)
Operating surplus	8	744,805	667,442
Interest receivable and other income		52,406	48,889
Interest payable and similar charges	7	(334,624)	(360,834)
Other finance costs		(5,000)	(6,000)
		(287,218)	(317,944)
Surplus before taxation		457,587	349,497
Taxation	9	-	-
Surplus for the year		457,587	349,497
Actuarial gain/(loss) in respect of pension schemes	18	16,000	(119,000)
Total comprehensive income for the year		473,587	230,497

There were no discontinued operations during the year. As a consequence, the results relate wholly to continuing activities.

The financial statements were approved and authorised for issue by the Board of Management and signed on its behalf on **29 August 2025**.

..... Lindsay Johnstone
Chair

..... Haris Adrees
Board Member

..... Lydia Morrow
Secretary

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2025

	Share Capital £	Revenue Reserve £	Total Unrestricted Funds £
Balance at 1 April 2024	75	7,355,342	7,355,418
Movement in share capital	(37)	-	(37)
Surplus from statement of total comprehensive income	-	473,587	473,587
Balance at 31 March 2025	38 =====	7,828,929 =====	7,828,967 =====
Balance at 1 April 2023	70	6,716,414	7,124,914
Movement in share capital	5	-	5
Surplus from statement of total comprehensive income	-	230,497	230,497
Balance at 31 March 2024	75 =====	7,355,342 =====	7,355,418 =====

The notes on pages 16 to 34 form part of these financial statements.

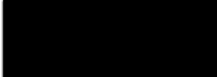
STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 £	2024 £
Fixed assets			
Housing properties	10a	25,559,366	25,742,599
Other tangible fixed assets	10b	102,390	87,726
Intangible fixed assets	10c	-	4,451
		<u>25,661,756</u>	<u>25,834,777</u>
Investment	11	1	1
Current assets			
Debtors	15	128,945	166,179
Cash at bank and in hand	20	3,057,637	3,195,547
		<u>3,186,582</u>	<u>3,361,726</u>
Creditors: amounts falling due within one year	16	(1,020,726)	(1,141,325)
Net current assets		<u>2,165,856</u>	<u>2,220,401</u>
Total assets less current liabilities		<u>27,827,613</u>	<u>28,055,178</u>
Creditors: amounts falling due after more than one year	17	(19,799,646)	(20,484,760)
Provisions for liabilities			
SHAPS defined benefit obligation	18	(199,000)	(215,000)
Net assets		<u>7,828,967</u>	<u>7,355,418</u>
Capital and reserves			
Share capital	21	38	75
Revenue reserves	22	7,828,929	7,355,343
		<u>7,828,967</u>	<u>7,355,418</u>

The financial statements were approved and authorised for issue by the Board of Management and signed on its behalf on **29 August 2025**

 Lindsay Johnstone
Chair

 Haris Adrees
Board Member

 Lydia Morrow
Secretary

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 £	2024 £
Total cash generated from operating activities	19	1,186,192	1,178,933
Cash flows (used in) investing activities			
Purchase of tangible fixed assets		(813,470)	(886,212)
Purchase of intangible fixed assets		-	-
Interest received		52,406	48,889
Total cash flows (used in) investing activities		(761,064)	(837,323)
Cash flows (used in) financing activities			
Interest paid		(334,624)	(360,834)
New loans received		-	-
Repayment of borrowings		(228,377)	(247,084)
Share capital issued		(37)	5
Total cash flows (used in) financing activities		(563,038)	(607,913)
Cash and cash equivalents			
Total movement			
Operating activities		1,186,192	1,178,933
Investing activities		(761,064)	(837,323)
Financing activities		(563,038)	(607,913)
Net decrease in cash and cash equivalents		(137,910)	(266,303)
Cash and cash equivalents at the start of the year		3,195,547	3,461,850
Cash and cash equivalents at the end of the year	20	3,057,637	3,195,547

The notes on pages 16 to 34 form part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. Principal accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP 2018" and the Determination of Accounting Requirements 2024.

The financial statements are prepared in Sterling (£) and are rounded to the nearest whole £.

Legal Status

Muirhouse Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No. 2414R(S) and is a registered Scottish charity No.SC040979. Muirhouse Housing Association Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity.

The registered office is 11 Muirhouse Medway, Edinburgh, EH4 4RW.

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is Edinburgh, Scotland.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing properties in Edinburgh, Scotland.

Going Concern

The Association has a healthy cash position and growing reserves. The Board of Management reviewed budgets and cashflow projections as part of the annual budget discussion for 2025/26 and the development and approval of the five-year business plan and the submission to the Scottish Housing Regulator of the five-year financial projections and consideration of our thirty-year forecasts. On that basis, the Board of Management has a reasonable expectation that the Association has adequate resources to continue for the foreseeable future, which is defined as 12 months after signing the financial statements, and that it continues to be appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Consolidation

As the parent of Muirhouse Homes Limited (note 11), Muirhouse Housing Association Limited has been exempted from the preparation of consolidated accounts, as granted by the Financial Conduct Authority, on the basis that the amounts involved are not material.

Turnover

Turnover represents rental and service charge income receivable less voids, fees receivable and revenue grants receivable and is recognised as it falls due.

Scottish Housing Association Pension Scheme (SHAPS)

From the year ended 31 March 2019, the Association was able to identify its share of the scheme assets and scheme liabilities and therefore has applied defined benefit accounting. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

As at the year ended 31 March 2025, the net defined benefit pension deficit liability was £199,000 (2024: £215,000), which has been included within the provisions for pensions liability in the financial statements.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

1. Principal accounting policies (continued)

Scottish Housing Association Pension Scheme (SHAPS) (continued)

In the year ended 31 March 2025, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 18 for more details.

Fixed Assets – Housing Properties

Housing Properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent. Housing properties are stated at cost less accumulated depreciation.

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

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

The major components of housing properties are detailed below. Each component has a substantially different economic life and is depreciated over this individual life.

Depreciation is charged on a straight-line basis over the expected useful life of each major component, to its estimated residual value, that makes up the housing property as follows:

<i>Component</i>	<i>Useful Economic Life</i>
Land	N/A
Structure	50 years
Roof	50 years
Render	50 years
Windows	30 years
External doors	25 years
Bathrooms	25 years
Electrics	25 years
Heating systems	20 years
Kitchen	15 years
Boiler	15 years

Capitalised Development and Development Interest

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour cost of the Association and incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development costs are written off to the Statement of Comprehensive Income in the period in which it occurs.

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the Statement of Comprehensive Income.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

1. Principal accounting policies (continued)

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist Muirhouse Housing Association Limited estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Office premises	50 years
Furniture and fittings	Between 5 - 10 years
Computer equipment	Between 3 - 5 years
Office equipment	Between 5 - 15 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Leases/Leased Assets

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

Government Grants

Government grants include grants receivable from the Scottish Government, local authorities, and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Intangibles

All intangible assets shall be considered to have finite useful life of five years on a straight-line basis. The useful life of an intangible assets that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but maybe shorter depending on the period over which the entity expects to use the asset. Amortisation of intangible assets is shown within operating costs.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

1. Principal accounting policies (continued)

Financial Instruments

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Loans And Borrowings

Bank loans provided by Private Lenders are also classed as basic under the requirements of FRS 102 and are therefore also measured at amortised cost.

Payment Arrangements With Tenants

In the case of payment arrangements that exist with tenants, these are deemed to constitute financing transactions and, where material, are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

Judgements in Applying Policies and Key Sources of Estimation Uncertainty

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

The members of the Board of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component and in determining the appropriate level of bad debt provision for rental arrears and in determining the appropriate level of the pension liability.

Defined Benefit Obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 18). The net defined benefit pension liability at 31 March 2025 was £199,000 (2024: £215,000, 2023: £90,000).

Housing Property Disposals

Disposals of both components and properties are regarded as part of the Association's standard operating activities and therefore losses on disposals recorded in the Statement of Comprehensive Income as forming part of the Operating Surplus.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover £	Operating Costs £	2025 Operating Surplus/ (Deficit) £	2024 Operating Surplus/ (Deficit) £
Affordable lettings activities (Note 3)	3,305,649	2,912,044	393,605	361,704
Loss on disposal of fixed assets	-	-	(4,451)	(539)
Other activities (Note 4)	375,005	19,354	355,651	306,276
Total	3,680,654	2,931,398	744,805	667,442
	=====	=====	=====	=====
Total for previous reporting period	3,470,955	2,803,513	667,442	
	=====	=====	=====	

3. Particulars of turnover, operating costs, and operating surplus from affordable letting activities

	General Needs Housing £	Supported Housing £	2025 Total £	2024 Total £
Turnover				
Rent receivable net of service charges	2,757,115	-	2,757,115	2,559,304
Service charges receivable	101,891	-	101,891	118,527
	-----	-----	-----	-----
Gross income from rents and service charges	2,859,006	-	2,859,006	2,677,831
<u>Less: Voids</u>	<u>(11,827)</u>	<u>-</u>	<u>(11,827)</u>	<u>(7,875)</u>
	-----	-----	-----	-----
Net income from rents and service charges	2,847,179	-	2,847,179	2,669,956
Grants released from deferred income	458,470	-	458,470	458,470
Revenue grants from Scottish Ministers	-	-	-	(734)
	-----	-----	-----	-----
Total turnover from affordable letting activities	3,305,649	-	3,305,649	3,127,692
	-----	-----	-----	-----
Management and maintenance administration costs	1,194,553	-	1,194,533	1,149,274
Service costs	70,273	-	70,273	77,667
Planned and cyclical maintenance including major repair costs	377,896	-	337,896	407,597
Reactive maintenance costs	290,132	-	290,132	204,137
Bad debts – rents and service charges	4,194	-	4,194	1,147
Depreciation of affordable let properties	974,996	-	974,996	926,166
	-----	-----	-----	-----
Operating costs for affordable letting activities	2,912,044	-	2,912,044	2,765,987
	-----	-----	-----	-----
Operating surplus for affordable letting activities	393,605	-	393,605	361,704
	=====	=====	=====	=====
Operating surplus for affordable letting activities for previous reporting period	361,704	-	361,704	
	=====	=====	=====	

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or deficit 2025 £	Operating surplus or deficit 2024 £
Mid-market rent lease charge	-	-	-	349,608	349,608	-	12,936	336,672	318,725
Mid-market rent management charge	-	-	-	17,651	17,651	-	-	17,651	(14,786)
Gift aid received from subsidiary	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	7,746	7,746	-	6,418	1,328	2,337
Total from other activities	-	-	-	375,005	375,005	-	19,354	355,651	306,276
Total from other activities for the previous reporting period	-	-	-	343,263	343,263	-	36,987	306,276	

There were no other activities other than the activities shown above.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

5. Officers' emoluments

The officers are defined in Section 149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers, or servants of the Association.

	2025 £	2024 £
Emoluments payable to Chief Executive (excluding pension contributions)	80,578	74,134
Employer's pension contributions	8,058	7,434
Total emoluments payable	88,635 =====	81,568 =====

Key management personnel in the current year are considered to be the Board of Management and the Chief Executive. In the previous year this was considered to be the Chief Executive and the Interim Chief Executive/ Corporate Services Manager.

	2025 £	2024 £
Emoluments payable to key management personnel (excluding pension contributions)	80,578	74,134
Employer's pension contributions	8,058	7,434
Total emoluments payable	88,635 =====	81,568 =====

The number of key management personnel whose emoluments, excluding pension contributions, were above £60,000 for the year was:

	2025 No.	2024 No.
£60,001 to £70,000		1
£70,001 to £80,000	1	
£80,001 to £90,000		
	=====	=====

6. Employee information

	2025 No.	2024 No.
The average monthly number of full-time equivalent persons employed during the year was	13 =====	12 =====
The average total number of employees employed during the year was	13 =====	12 =====
	£	£
Staff costs were:		
Wages and salaries	576,134	505,290
Social security costs	58,358	53,037
Other pension costs	34,413	43,650
	668,905 =====	601,977 =====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

7. Interest payable	2025	2024
	£	£
On bank loans and overdrafts	334,624	360,834
	=====	=====

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £Nil (2024: £Nil).

8. Operating surplus before taxation	2025	2024
	£	£
Surplus on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation - tangible owned fixed assets	984,714	932,824
Amortisation - intangible fixed assets	-	5,537
Amortisation - housing association grant	(458,470)	(458,470)
Auditors' remuneration - audit services	12,200	11,700
Operating lease rentals - other	1,512	1,829
	=====	=====

9. Tax on surplus on ordinary

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

10. Fixed assets	Housing Properties held for letting
(a) Housing properties	
Cost	£
As at 1 April 2024	43,340,314
Additions	789,089
Disposals	(117,199)

As at 31 March 2025	44,012,203

Depreciation	
As at 1 April 2024	17,597,714
Charge for year	975,024
On disposals	(119,872)
As at 31 March 2024	18,452,838
Net book value	
As at 31 March 2025	25,559,366
	=====
As at 31 March 2024	25,742,599
	=====

Expenditure on works to existing properties	2025	2024
	£	£
Replacement component spend capitalised	789,089	879,535
Amounts charged to income and expenditure	459,063	253,251
	-----	-----
Total major repairs spend	1,257,643	1,132,786
	=====	=====

There were no capitalised interest or development administration costs.

All land and housing properties are freehold. The cost of land included in housing properties is £2,948,744 (2024: £2,948,774).

The net book value of properties held as security is £7,524,000 (2024: £9,005,789).

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

10. Fixed assets (continued)

Housing stock	2025 No.	2024 No.
The number of units of accommodation in management at the year-end was:		
General needs - new build	513	513
- rehabilitation	57	57
	=====	=====
	570	570
	=====	=====

The table below shows the property we own:

Managed Property Numbers	2025	2024
Tenanted Property	506	506
Properties leased as HMOs	4	4
Properties leased to Muirhouse Homes Limited for Mid-Market Rent	60	60
	=====	=====
Total	570	570
	=====	=====

(b) Other tangible assets

	Computer Equipment £	Office Premises £	Office F&F and Equip £	Total £
Cost				
As at 1 April 2024	67,034	130,761	31,993	229,788
Additions	24,382	-	-	24,382
	=====	=====	=====	=====
As at 31 March 2025	91,415	130,761	31,993	254,169
	=====	=====	=====	=====
Aggregate depreciation				
As at 1 April 2024	58,724	56,197	27,140	142,062
Charge for year	6,725	2,347	645	9,718
	=====	=====	=====	=====
As at 31 March 2025	65,449	58,545	27,785	151,779
	=====	=====	=====	=====
Net book value				
As at 31 March 2025	25,966	72,217	4,208	102,390
	=====	=====	=====	=====
As at 31 March 2024	8,309	74,564	4,853	87,726
	=====	=====	=====	=====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

10. Fixed assets (continued)

(c) Intangible assets

	Computer Software	Total
	£	£
Cost		
As at 1 April 2024	55,348	55,348
Additions	-	-
Disposals	(55,348)	(55,348)
	-----	-----
As at 31 March 2025	-	-
	-----	-----
Aggregate amortisation		
As at 1 April 2024	50,897	50,897
Charge for year	-	-
Disposals	(50,897)	(50,897)
	-----	-----
As at 31 March 2025	-	-
	-----	-----
Net book value		
As at 31 March 2025	-	-
	=====	=====
As at 31 March 2024	4,452	4,452
	=====	=====

11. Investments

	2025	2024
	£	£
Cost		
As at 1 April 2024 and 31 March 2025	1	1
	=====	=====

In 2014, Muirhouse Housing Association Limited set up a subsidiary called Muirhouse Homes Limited to collect the rent of properties which are on a mid market basis. It owns one share which is 100% of the share capital. The relationship between the Association and its subsidiary is set out in an independent agreement between both parties.

	2025	2024
	£	£
Aggregate capital and reserves		
Muirhouse Homes Limited	92,758	76,513
	=====	=====
Profit/(loss) for the year		
Muirhouse Homes Limited	16,245	(4,668)
	=====	=====

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's Statement of Financial Position.

12. Capital commitments

	2025	2024
	£	£
Capital expenditure that has been contracted for future years but is not included in the Financial Statements to 31 st March 2025. Expenditure will be recognised in future statements in the period to which it relates.	3,023,385	1,507,129
	=====	=====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

13. Contingent liabilities

As the Association is a member of the Scottish Housing Association Pension Scheme (SHAPS), there is a potential debt on the employer of £1517,531 that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. As is the case if the Association withdraw from the Growth Plan potentially costing £3,849.

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

14. Commitments under operating leases

The company as a lessee:

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2025 £	2024 £
Within 1 year	3,322	1,829
Between 1 and 2 years	5,247	1,665
Between 2 and 5 years	3,367	2,298
	=====	=====

The company as a lessor:

At the year end, the Association had contracted with its subsidiary Muirhouse Homes Limited, under non-cancellable operating leases, for the following future minimum lease payments:

	2025 £	2024 £
Within 1 year	395,310	349,526
Between 2 and 5 years	197,655	-
	-----	-----
	592,965	349,526
	=====	=====

The operating leases represent leases of 60 properties to Muirhouse Homes Limited. The lease expired at the end of March 2025, a new lease was signed by the Boards of MHA and MH4 which runs for 18 months (September 2026).

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

15. Debtors	2025	2024
	£	£
Arrears of rent and service charges	95,134	97,366
<u>Less: Provision for doubtful debts</u>	<u>(22,469)</u>	<u>(33,212)</u>
	72,665	64,154
Prepayments and accrued income	32,663	49,676
Trade debtors	1,500	-
Amounts owed by group undertakings	22,116	52,349
	<u>128,945</u>	<u>166,179</u>
	=====	=====

16. Creditors: Amounts falling due within one year

	2025	2024
	£	£
Housing loans (Note 17)	225,028	258,095
Trade creditors	182	13
Rent in advance	113,392	123,706
Other taxation and social security	14,809	15,631
Other creditors	8,260	12898
Accruals and deferred income	200,585	273,039
Deferred Housing Association Grant (Note 17)	458,470	458,470
	<u>1,020,726</u>	<u>1,141,852</u>
	=====	=====

At the balance sheet date there were pension contributions outstanding of £8,260 (2024: £6,552).

17. Creditors: Amounts falling due after more than one year	2025	2024
	£	£
Housing loans	7,889,141	8,115,787
Deferred Housing Association Grant	11,910,505	12,368,974
	<u>19,799,646</u>	<u>20,484,761</u>
	=====	=====

Housing loans are secured by specific charges on the Association's housing properties and repayable at varying rates of interest in instalments due as follows:

	2025	2024
	£	£
Within one year	225,028	258,095
Between one and two years	225,028	197,159
Between two and five years	675,083	485,632
In five years or more	6,989,030	7,432,996
	<u>8,114,169</u>	<u>8,373,882</u>
<u>Less: Amount shown in current liabilities</u>	<u>(225,028)</u>	<u>(258,095)</u>
	<u>7,889,141</u>	<u>8,115,787</u>
	=====	=====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

All the Association's bank borrowings are repayable on a monthly, quarterly, or annual basis with the principal being amortised over the term of the loan. All loans are amortised over a maximum of 25 years. Interest is charged at fixed rates on loans totalling £4,858,941 (2024: £5,014,737) with rates varying between 2.24% and 2.65% (2024: 0.0% and 2.65%). The remainder of the loans are charged at variable rate interest with margins ranging between 5.25% and 4.5% (2024: 2.35% and 6.85%)

17. Creditors: Amounts falling due after more than one year (*continued*)

	2025	2024
	£	£
Deferred Housing Association Grant		
Balance b/fwd	12,368,975	13,285,915
Released in year	(458,470)	(458,470)
	-----	-----
Balance c/fwd	12,368,975	12,827,445
	=====	=====
Analysis of the Deferred Housing Association Grant is as follows:-		
Within one year	458,470	458,470
Between one and two years	458,470	458,470
Between two and five years	1,375,410	1,375,410
In five years or more	10,076,625	10,535,094
	-----	-----
	12,368,975	12,827,444
	(458,470)	(458,470)
	-----	-----
<u>Less:</u> Amount shown in current liabilities	11,910,505	12,368,974
	=====	=====

18. Retirement Benefit Obligations

General

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

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

The latest triennial valuation of the SHAPS was carried out in September 2024 with the housing association receiving intimation of changes at the end of July 2025. The valuation revealed a total deficit of £79.5M. A new Recovery Plan has therefore been put in place, with deficit contributions to re-start from April 2026 for the following four years

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items, and a date for this has now been set for summer 2025.

On 4 May 2023, the Scheme Trustee issued an update to employers which included an estimate of the potential additional liabilities at the full scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact on an individual employer basis

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

18. Retirement Benefit Obligations (continued)

with any accuracy. As a result of this, no provision will be made for the potential additional liabilities within the financial statements or the related accounting disclosures included in this note.

Present values of Defined Benefit Obligation, Fair Value of Assets, and Defined Benefit Asset/(Liability)

	2025 £	2024 £
Fair value of the plan of assets	1,404,000	1,504,000
Present value of defined benefit obligation	1,603,000	1,719,000
	-----	-----
Surplus/(deficit) in plan	(199,000)	(215,000)
Unrecognised surplus	-	-
	-----	-----
Defined benefit asset/(liability) to be recognise	(199,000)	(215,000)
Deferred tax	-	-
	-----	-----
Net defined benefit asset/(liability) to be recognised	(199,000)	(215,000)
	=====	=====

Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset/(Liability) (continued)

Reconciliation of the impact of the Asset Ceiling

	Period from 31 March 2025 £
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in the net interest cost	-
Actuarial losses/(gains) on asset ceiling	-

Impact of asset ceiling at end of period	-
	=====

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2025 £
Defined benefit obligation at start of period	1,719,000
Current service cost	-
Expenses	2,000
Interest expense	84,000
Contributions by plan participants	-
Actuarial losses/(gains) due to scheme experience	15,000
Actuarial losses/(gains) due to changes in demographic assumptions	-
Actuarial losses/(gains) due to changes in financial assumptions	(213,000)
Benefits paid and expenses	(4,000)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses/(gains) on curtailments	-
Losses/(gains) due to benefit changes	-
Exchange rate changes	-

Defined benefit obligation at end of period	1,603,000
	=====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

18. Retirement Benefit Obligations (continued)

Present values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset/(Liability) (continued)

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

	Period from 31 March 2025 £
Fair value of plan assets at start of period	1,504,000
Interest income	74,000
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	(172,000)
Contributions by the employer	2,000
Contributions by plan participants	-
Benefits paid and expenses	(4,000)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-

Fair value of plan assets at end of the period	1,404,000 =====

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2025 was £98,000(2024: £38,000).

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	Period From 31 March 2025 £
Current service cost	-
Expenses	2,000
Net interest expense	10,000
Losses/(gains) on business combinations	-
Losses/(gains) on settlements	-
Losses/(gains) on curtailments	-
Losses/(gains) due to benefit changes	-

Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	12,000 =====

Defined benefit costs recognised in other comprehensive income

	Period From 31 March 2025 £
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	(172,000)
Experience gains and losses arising on the plan liabilities – gain/(loss)	(15,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	-
Effects of the changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	213,000

Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	26,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss)	-

Total amount recognised in other comprehensive income – gain/(loss)	26,000 =====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

18. Retirement benefit obligations (continued)

Growth Plan

Muirhouse Housing Association participates in the Pension Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits of this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the financial position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by way of agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

The Association paid regular contributions of £nil during the accounting period. Members paid contributions of £nil during the accounting period.

As at the Balance Sheet date there were no active members of the Plan employed by the Association.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

18. Retirement benefit obligations (continued)

The valuation results at 30 September 2021 were completed in 2022 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £765.3 million and the Plan's Technical Provisions (i.e., past service liabilities) were £761.5 million. The valuation therefore revealed a surplus of assets compared with the value of liabilities of £3.8 million, equivalent to a past service funding level of 100%. The funding surplus has increased from a deficit of £31.6m at 30 September 2020.

The Plan's funding level and deficit has seen a positive improvement since the 2020 valuation. The main reasons for the positive change in the funding level since 30 September 2021 are:

- the payment of deficit contributions and withdrawing employer debts paid over the period, resulting in a reduction in the deficit;
- the significant projection provided by the Plan's hedging strategy which has protected the Plan from falling gilt yields and minimised the impact on funding; and
- a change to how the "Orphan liabilities" are valued for those employers that have withdrawn from the Plan to align with Technical Provisions funding basis rather than a Buy-out basis.

These items have been partially offset by a decrease in the gilt yields, reducing expectations for future investment returns and a relatively small impact on funding due to the government's recent RPI reforms; both of these result in an increase in the value of the Plan liabilities. The buy-out funding deficit has decreased from £255.4m at 30 September 2014 to £187.2m at 30 September 2017, a decrease of 26.7%.

The buy-out basis is the statutory method for calculating an employer's debt on withdrawal. The debt on withdrawal is the withdrawing employer's share of the difference between the Plan's assets and the Plan Actuary's estimate of the amount an insurance company would charge to take on responsibility for paying all of the benefits due.

Based on the new recovery plan, the Plan has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals, the Association will make annual payments of £125 from 1 April 2024. Payments are expected to increase by 3% per annum. At the balance sheet date, the present value of this obligation was £132 (2024: £263). This was calculated by reference to the terms of the provisional valuation and funding plan and discounted liability using the yield rate of high-quality corporate bond with a similar term. The discount rate used was 5.52% (2023: 2.53%).

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

The estimated cost to the Association of withdrawal from the Growth Plan is £1,667.

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

19. Statement of Cash Flows	2025	2024
	£	£
<i>Cash flows from operating activities</i>		
Cash generated from operations		
Surplus for the year	473,587	230,497
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	984,742	938,361
Decrease/(Increase) in trade and other debtors	37,263	49,472
(Decrease)/Increase in trade and other creditors	(121,569)	(18,410)
(Decrease)/Increase in pension provision	(16,000)	125,000
Adjustments for investing or financing activities:		
Housing Association grants utilised in the year	(458,470)	(458,470)
Loss on sale of tangible fixed assets	4,451	539
Interest receivable	(52,406)	(48,889)
Interest payable	334,624	360,834
	-----	-----
Total cash generated from operating activities	1,186,192	1,178,934
	=====	=====

20. Cash and cash equivalents	At	Movement	At 31
	1 April	in year	March
	2024		2025
	£	£	£
Cash at bank and in hand	3,195,547	(137,910)	3,057,637
	=====	=====	=====

Reconciliation of net cash flow to movement in net debt	2025
	£
Cash movement in the year	137,910
Cash inflow from debt financing	(228,414)

Change in debt resulting from cash flows	(90,504)
Net Debt at the start of the year	4,831,504

Net Debt at the end of the year	4,740,999
	=====

Analysis of changes in net debt	At	Cashflow	Other Non-	At 31
	1 April	Cashflow	Cashflow	March
	2024	Changes	Changes	2025
	£	£	£	£
Cash and cash equivalents				
Cash at bank and in hand	3,195,547	(137,910)	-	3,057,637
Borrowings				
Debt due within one year	(258,095)	225,028	-	(33,067)
Debt due after one year	(8,115,786)	7,889,141	-	(226,645)
	-----	-----	-----	-----
	(8,373,881)	8,114,169	-	(259,712)
	-----	-----	-----	-----
Total	(5,178,334)	7,969,259	-	(2,797,925)
	=====	=====	=====	=====

MUIRHOUSE HOUSING ASSOCIATION LIMITED
NOTES to the FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2025

21. Share capital

	Ordinary Shares of £1 each issued and fully paid £
At 31 March 2024	75
Issued in the year	-
Revoked in year	(37)

At 31 March 2025	38
	=====

Each member of the Association holds one share of £1 in the Association. These shares carry no right to dividend or distribution on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Other debtors include an amount of £nil in relation to unpaid share capital.

22. Reserves

Share capital – represents the nominal value of shares that have been issued.
Revenue reserves – includes all current and previous retained surpluses.

23. Related party transactions

Members of the Board of Management are related parties of the Association as defined by the Financial Reporting Standard 102 (FRS102). Some members of the Board of Management are also tenants of the Association. Their tenancies are all on the same terms as for other tenants and no advantage can be gained from their position.

Governing Body members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body member has a connection with is made at arm's length and is under normal commercial terms. The Members of the Board of Management can receive a maximum of £15 per month each for internet access and in total members received £180 (2024: £225) for reimbursement of expenses.

The Association leased 60 properties during the year to Muirhouse Homes Limited, a subsidiary of Muirhouse Housing Association Limited which was set up to accommodate the properties which receive rent on a mid-market basis, receiving £349,608 (2024 £324,537) in respect of these leases. In addition, it provided management services totalling £17,651 (2024: £16,389) to Muirhouse Homes Limited. Muirhouse Homes Limited agreed a gift aid distribution of £nil (2024: £nil) to the Association in relation to the prior period financial results. The balance due from Muirhouse Homes Limited at 31 March 2025 was £10,130 (2024: £52,349) and is included in the Association's debtors in note 15.

During the year to 31 March 2025, two (2) Board of Management members were tenants of the Association (2024: 2). They have standard tenancy agreements (one for MHA and one for MH4) and were awarded their tenancy in line with best practice allocations policy. The total rental charge to the tenant Board Members for the year was £13,120.92 (2024: £12,708) and the net balance outstanding As at 31 March 2025 was £nil (2024: £Nil).

Board of Management member J R Douglas is also a director of Muirhouse Homes Limited.

Board of Management member J Hill is a tenant of Muirhouse Homes Limited.