

CT: Audit

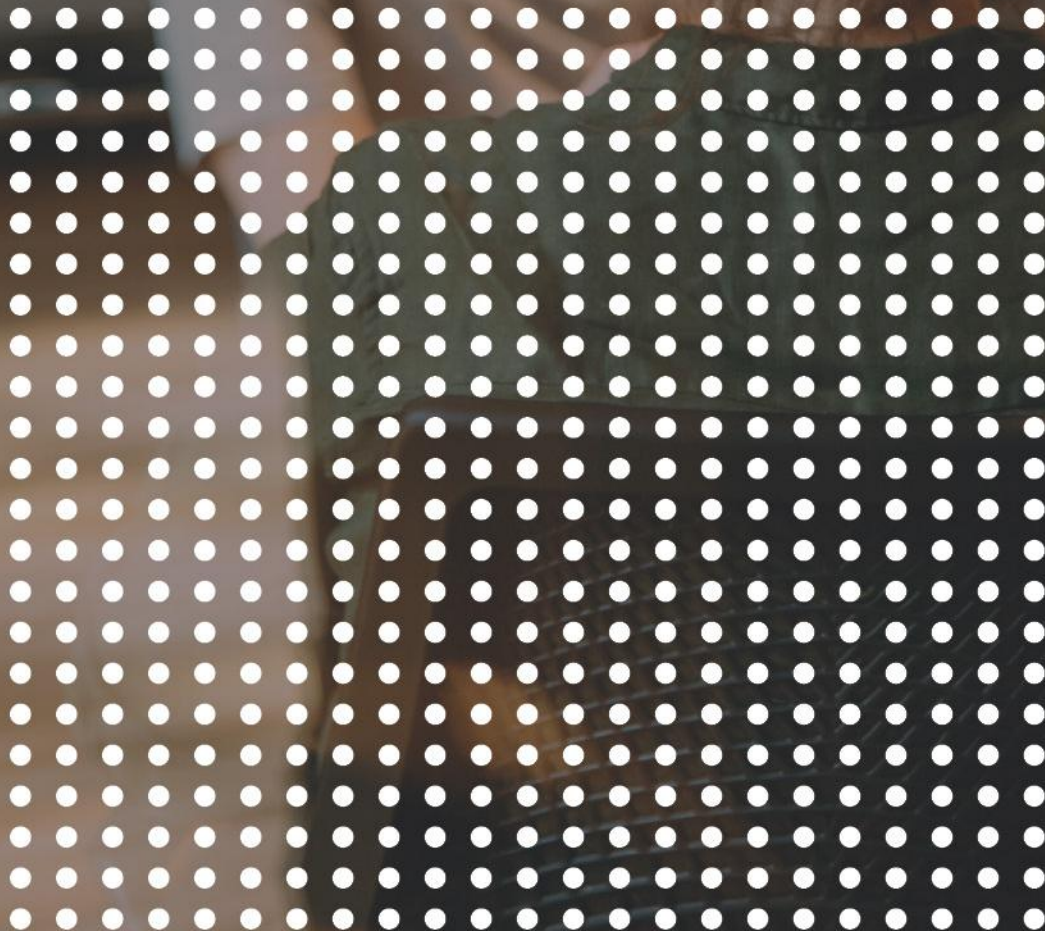
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Ferguslie Park Housing Association Limited and The New Tannahill Centre Limited

For the year ended 31 March 2026

Audit Summary Report to those charged with Governance



CT Audit Limited is registered in Scotland (SC765600). Our registered office is at 61 Dublin Street, Edinburgh EH3 6NL. Offices in Glasgow, Inverness and London. For full contact details visit www.ct.me.

CT Audit is registered to carry on audit work and is regulated by the Institute of Chartered Accountants of Scotland. Details about our audit registration can be viewed at www.auditregister.org.uk.



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Limitations of this report

This report refers only to material matters we have identified from our audit of the financial statements of Ferguslie Park Housing Association Limited and its subsidiary The New Tannahill Centre Limited ('FPHA Group'), for the year ended 31 March 2026, that we think merit being brought to your attention. The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of FPHA Group.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. We draw your attention to the fact that management are responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as the Board and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose

Executive summary

Introduction

The purpose of this report is to highlight the key issues affecting the preparation of the financial statements for the year ended 31 March 2026. It is also used to report to management matters arising from our audit work and to meet the mandatory requirements of International Standard on Auditing (UK) 260 – Communication with those charged with governance.

Changes to our audit plan

In the conduct of our audit, we have not had to alter or change our audit plan, which we communicated to you in our Audit Planning Document dated 11 March 2026. We note how we have addressed the risks identified at planning.

Status of the audit

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Obtaining and reviewing the letter of representation.
- Updating our post balance sheet events review to the date of signing the financial statements.

Audit adjustments

The audit adjustments are discussed in the 'Audit Adjustments' section of this document.

Control matters

The management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of financial control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the Board.

There are no control issues noted in the current year that we would wish to bring to your attention. Matters arising from the financial statements audit and any recommendations have been discussed with senior management and noted in the 'Issues Arising During the Audit' section.

Financial statements opinion

We propose to give an unqualified opinion on the financial statements.

Appreciation

We would like to take the opportunity to record our appreciation for the assistance provided by both the team at Ferguslie Park and FMD, during the audit.

Accounting and audit risks and responses

Issues identified at planning stage

As noted in our Audit Planning Document submitted to the Board of Management, the following audit risk areas in respect of the financial statements being materially misstated were identified as significant matters and therefore were considered in detail during our audit fieldwork.

Business risks

Risk and audit response	Resolution
Future developments and strategic plans and their impact on funding requirements, future support services, housing, and the overall going concern assumption. We will review strategic business plans and budget forecasts, assessing the underlying assumptions to ensure they are reasonable and prudent.	Strategic plans, budgets and forecasts were reviewed, with key assumptions assessed and found to be reasonable. No matters were identified that would adversely impact the Association's funding position or going concern assessment.
Governance and compliance with laws and regulations. We will review the governance framework, relevant registers, meeting minutes, internal audit reports, and any reports issued by regulatory authorities to ensure that the Association is compliant.	Our review of governance arrangements, committee activity, statutory registers and regulatory correspondence confirmed that appropriate oversight and control frameworks remain in place. No instances of non-compliance or governance concerns were noted during the audit.

Audit risks

Risk and audit response	Resolution
Existence, ownership, and valuation of housing stock. We will obtain third-party certification of title deeds on a sample basis to confirm ownership of the properties, audit the carrying value of the housing stock to ensure consistency with prior years, and review any available external valuations alongside management's assessment of impairment	Property ownership was verified through sample title deed testing, and housing stock valuations were reviewed for consistency and impairment indicators. After correction of items included in the audit adjustments section of this report, we are comfortable that the valuation of housing stock and components is free from material misstatement.

indicators and future cash-flow projections to identify any potential impairment.

Completeness of income and revenue cycle controls.

We will conduct analytical review procedures and completeness testing on the rent accounting system, review and test the systems and controls in place for capturing income data, and verify key sources of nonrental income against third party agreements.

Audit procedures over key income streams, including testing of revenue controls and analytical review of rental and non-rental income, did not highlight any material gaps in income recording. The systems in place were found to provide reasonable assurance over the completeness of reported income.

Completeness of borrowings and compliance with bank funding covenants.

We will seek third-party confirmation of year-end balances. We will examine covenant monitoring reports and compliance throughout the year, and post year end to ensure there have been no breaches of covenants up to the date of approval of the financial statements.

Independent lender confirmations and review of covenant monitoring demonstrated that borrowings have been accurately recorded within the financial statements. The Association remained compliant with its funding obligations throughout the year and up to the date of audit completion.

Fraud and management override of controls.

We have a duty under the ISA's to consider and assess the risk of fraud and management override impacting each of our clients. We will conduct audit testing over journals posted during the year and post year end, as well as hold regular discussions with management as to whether there have been any instances of fraud during the financial year. We will also obtain direct confirmation from internal audit of the findings arising from work performed during the year.

In line with auditing standards, specific procedures were undertaken to address the risk of fraud and management override, including journal testing and consideration of internal audit findings. Our work did not identify any indicators of material fraud, bias in financial reporting, or inappropriate override of established controls.

Our audit testing on New Tannahill Centre Limited indicated a number of historic journals that were posted without support and not linked to suppliers. These have been corrected in the current year and we are comfortable that postings tested in the current year are reasonable. A recommendation has been raised for approval process on journals later in the report.

Issues arising during the audit

During the course of our audit work we noted the following issues that we wish to bring to your attention:

Issue	Resolution
<u>Ferguslie Park Housing Association</u> Negative carried forward NBV of components During our audit testing, it was noted that a number of components on the fixed asset register had a brought forward depreciation higher than the brought forward cost, resulting in a negative NBV of the component items in question.	It was recommended that the fixed asset register be reviewed and items that were held at a negative NBV, the over depreciation was added back to correct the year-end position. A correcting journal was posted during the audit and thus there were no items with a negative NBV in the fixed asset register at 31 March 2026. This issue was not corrected as a prior period adjustment as this was not material to the financial statements, and was corrected in the current year figures. Correcting journal detailed on page 14. It was also recommended that a review of the fixed asset register was completed quarterly to ensure the safeguards put in place were working effectively.
<u>Ferguslie Park Housing Association</u> Incorrect depreciation policy being applied to components During our audit testing, it was noted that in the current year that some components had been depreciated on a reducing balance method rather than straight line as per the associations accounting policies, due to an incorrect formula in the fixed asset register.	It was recommended that a journal be processed to correct the current year depreciation charge – the journal was passed during the audit process after formula in the fixed asset register was corrected. After comparing to expected depreciation charge, we are comfortable that the depreciation charge is free from material misstatement after this adjustment.
<u>Ferguslie Park Housing Association</u> Door replacements had no corresponding disposal as these were combined under ‘doors and windows’ component. It was noted during the year that door additions had occurred, with no corresponding disposal at the respective properties due to these being linked to the windows on the fixed asset register.	We appreciate that the historic treatment of these components was combined and these have only recently been split. This issue should therefore resolve itself when corresponding window replacements occur. The value of components held in this category that had been disposed off but not removed from fixed assets was reviewed and trivial, and therefore no audit adjustment was proposed. It is recommended that frequent review of the component is complete until all historic items have been removed from the register.
<u>Ferguslie Park Housing Association</u> Misallocation of component replacements. It was noted during the year that Unique Property Reference Number’s (UPRN) for some component replacements were incorrect resulting in incorrect depreciation/disposals.	The issue was reviewed and corrected during the audit and is reflected in the financial statements. The process for recorded replacements has been reviewed and controls have been put in place around this recognition.

Issue	Resolution
<u>Both entities</u> No formal approval process for manual journal entries It was noted during our audit testing that posted journals didn't go through a review process.	It is recommended that the process is reviewed and an appropriate review policy is put in place for journals that are posted by staff. A formal review process mitigates the risk of fraud or error due to management override of controls.
Housing SORP The Housing Statement of Recommended Practice has been publicised in April 2026 – effective from periods beginning after January 2026 and will impact RSLs, as detailed below: • Revenue recognition – rental income, grant income and factoring income. • Narrative reporting – the requirement for RSLs to prepare a detailed strategic report has dropped from those with 5,000+ units to 1,000+ units.	Rental income - Under FRS 102 (Section 20), rent from social housing is classified as lease income, as these tenancies are essentially lease agreements. This income should be recorded evenly over the life of the agreement, unless a different method more accurately reflects how the benefit is earned. Grant income - This income does not follow the standard five-step revenue model. Instead, it is treated as a non-exchange transaction under FRS 102 (Sections 24 and 34). Grant income is generally recognised only when there is reasonable certainty that the grant conditions will be complied with and the funds will actually be received. If the grant is tied to specific performance obligations, it can only be recognised once those are fulfilled. Factoring income – The recognition of service charge income will be recognised as performance obligations are complete, where a performance obligation is associated with that income. We do not envisage there to be a significant impact in terms of the revenue recognition for Ferguslie Park Housing Association. Ferguslie Park Housing Association is currently under the 1,000 unit threshold. However, the narrative reporting currently included within the report of the management board results in the conclusion that this change will not significantly impact the association if this were to change. We would be happy to assist with the assessment of the above and its impact on the financial statements.

Issues arising during the prior year audit

During our audit work in the prior year we noted some issues which are of ongoing relevance. The table below describes these issues and the actions taken to address them.

Issue	Resolution
Capitalisation Policy We note that there is currently no capitalisation policy in place for other fixed assets. This may result in small items of expenditure being capitalised and subsequently depreciated over many years.	We would recommend that an initial capitalisation policy of between £500 - £1,000 is adopted. This would avoid the requirement to add small items to the fixed asset register. Current year update: A capitalisation policy of £1,000 has been applied.
Formal process for Bank reconciliation We note that the Bank reconciliations are being done and reviewed but not approved formally.	We would recommend a formal process of approval be put in place for the bank reconciliation completion and review. Current year update: Approval of bank reconciliation remains a recommendation in the current year.
Aged Creditors report During our audit work we noted the aged creditors report for the New Tannahill centre can't be generated for a past date in the current system. This may result in issues with reporting and our audit work.	For our audit work we did other testing to gain comfort over the year end creditors figure. We would recommend it to be raised with the systems admin and resolved. Current year update: There was no issue in the current year obtaining the aged creditors report at required date. There was a difference between this report and nominal due to historic manual journals being posted that weren't linked to suppliers, but this has been resolved and application of a formal journal review procedure would be appropriate.
Financial Reporting Standard 102 (FRS 102) The recent triennial update to FRS 102, which is effective from January 2026, will potentially have an impact on the following areas: Revenue recognition – a new five step model for revenue recognition; and Lease accounting – lessees may need to recognise leases on the balance sheet as a right-of use asset with a corresponding lease liability.	We do not envisage there to be a significant impact in terms of the revenue recognition. However, an assessment of income from service charges and factoring should be undertaken which may lead to an earlier or later recognition of revenue, depending on how performance obligations are satisfied. In terms of the new lease accounting requirements, operating leases (e.g. for property or fleet vehicles) may have to be accounted for on the balance sheet as assets and liabilities.

We would be happy to assist with the assessment of the above and its impact on the financial statements of both the Partnership.

Current year update: For periods starting after January 2026 – we are happy to assist for the upcoming year. It was noted in the current year that consideration of the New Tannahill Centre and leased ground will be affected by this change and a revaluation has been recommended in the year to 31st March 2026 to allow for appropriate disclosure in the subsequent financial statements.

Pension Valuation

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

We have considered the new deficit contributions payments as part of our subsequent events testing and conclude it is a non-adjusting event and immaterial. We recommend updating the pensions note with the relevant disclosures.

Current year update: Disclosures are relevant.

Forthcoming developments

We enclose a copy of our Technical Developments briefing document which we hope will be of interest to you. If you have any questions regarding any of the content please do not hesitate to contact us.

Internal Control

Weakness and governance issues arising during the audit

We have set out below areas of accounting and internal control weakness that we consider should be brought to the attention of the Trustees which arose as a result of our audit work.
This does not constitute a comprehensive statement of weaknesses that may exist in internal controls or of all improvements which may be made

Definition of priorities

High	Issues subjecting the organisation to material risk which should be addressed as a matter of priority.
Medium	Issues subjecting the organisation to actual or potential significant risk.
Low	Matter which, if addressed, will enhance efficiency and effectiveness.

Issues arising

We are pleased to note that our audit has not identified any control weaknesses or governance issues in the current year.

No control matters or governance issues were identified in the prior year.

OR

Issues arising	
Issue 1	
Observation	Expenditure cut-off and purchase ledger reconciliation – not being appropriately performed resulting in unrecorded liabilities at the year-end.
Priority	High
Risk and Recommendation	It is recommended that ongoing works are frequently reviewed and accrued as an when works are complete (quarterly) to ensure the timely recognition of expenditure and subsequent liabilities. It is also recommended that period reconciliations of amounts owed to suppliers is performed for the same reason.
Management response	Management have noted the risk and have advised that expenditure incurred and cut-off procedures will be reviewed in more detail in subsequent years.

Issues arising	
Issue 2	
Observation	The New Tannahill Centre – it was noted that there was no reconciliation of bank balance at the year-end resulting in a trivial difference from nominal to statements.
Priority	High
Risk and Recommendation	It is recommended that a review and correction of nominal is complete and that a regular reconciliation is performed to ensure the nominal remains accurate,
Management response	Management have noted the risk and confirmed that the recommendation will be implemented.

No control matters or governance issues were identified in the prior year.

Audit adjustments

Impact of audit adjustments made

The impact of audit adjustments made in the year are set out below. The total impact of these adjustments for Ferguslie Park Housing Association was to decrease surplus by £208,262. The total impact of these adjustments for The New Tannahill Centre Limited was to decrease profit by £46,223.

In addition, there were a number of presentational and disclosure changes which arose during the course of our audit and, as agreed with you, these have been reflected in the financial statements.

Ferguslie Park Housing Association

£	
Detail	Positive/(adverse)
Current and prior year depreciation issues	(163,375)
Correction of accrued expenditure not recorded	(44,887)

New Tannahill Centre Limited

£	
Detail	Positive/(adverse)
Other debtors write-off of historic journals	(38,260)
Correction of purchase ledger control account	(7,963)

Uncorrected misstatements

We are required to communicate all uncorrected misstatements to you, other than those considered to be clearly trivial. The total impact of these uncorrected misstatements for Ferguslie Park Housing Association was to decrease surplus by £10,348.

A summary of uncorrected misstatements is included below.

£	
Detail	Positive/(adverse)
Extrapolated error when comparing nominal to supplier confirmations	(10,348)

There were no uncorrected misstatements for The New Tannahill Centre Limited

ISA 260 reporting requirements

International Standard on Auditing ('ISA') 260 "Communication of audit matters with those charged with governance" requires us to communicate relevant matters relating to the audit of the financial statements to those charged with governance.

We have set out opposite how each of the key areas has been addressed and where they have been reported:

ISA 260 Requirement	CT Response
Confirmation of the independence of both the Firm and the audit team	Confirmed.
Confirmation of audit approach and scope	Confirmed via planning document.
Consideration of significant accounting policies	Considered throughout the audit process and discussed with management as appropriate.
Consideration of any material risks and exposures	Considered throughout the audit process and further within this report.
Schedule of material audit adjustments (adjusted and unadjusted)	Discussed on page 14 of this report
Consideration of material uncertainties casting doubt on the entity's ability to continue as a going concern	Considered throughout the audit process and further within this report.
Significant disagreements with management	None noted.
Expected modifications to the auditor's report	None noted.
Material weakness in the accounting and internal control system	None noted.

CT: Audit

