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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 2026

Docusign Envelope ID: 9C840827-FCD1-8972-81E1-0C561DB6C5F0

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2026

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES and ADVISERS

Year ended 31 March 2026

Board of Management
James Roy Douglas (Re-elected 17 September 2025)
Adam Gray (Vice Chair)
James Hill (Chair)
Lindsay Johnstone (Vice Chair)
Drew Moore (Resigned 18 September 2025)
Alan Kennedy (Re-elected 17 September 2025)
Christopher Ellis (Elected September 2023)
David Loudon (Elected September 2023)
Monika Edwards (Resigned 7 August 2025)
Haris Adrees (Re-elected 17 September 2025)
Keith MacDonald (Resigned 16 February 2026)
Anna Przybycien (Elected 17 September 2025)
Ian Stewart (Elected 17 September 2025)
Melissa Maguire (Elected 17 September 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

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT

For the year ended 31 March 2026

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2026.

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 £425,396 (2025: £457,587). There was no change to the actuarial gains/ loss in 2025-26. The revenue reserves have increased to £8.288M (2025: £7.829M).

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

The defined benefit liability as at 31 March 2026 is £176,000 (2025: £199,000). 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 crystalise, 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, alongside updated five-year projections. The Association operates within a five-year Strategic Plan, which is formally approved by the Board and reviewed annually to ensure continued alignment with organisational priorities and external operating conditions.

Financial performance is actively monitored throughout the year. The Board and Audit and Risk Committee receive quarterly reports detailing performance against budget, including analysis of variances updated forecasts where required and commentary on key financial risks and pressures.

Robust approval and control procedures are in place to manage areas of significant financial and operational risk. These include defined governance arrangements for major contract tenders, capital and revenue expenditure and treasury management activities ensuring appropriate scrutiny and regulatory compliance.

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 2026 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.

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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 £8.288M reflects primarily the past investment in the housing stock and reserves for future major repairs. The Association has a cash level of £2.7M 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.

Review of Business and Future Developments

During the year ended 31st March 2026 the Association continued to review it performance to ensure compliance with regulatory requirements to drive continuous improvement. The Association actively participated in benchmarking and good practice initiatives across the sector and maintained membership of key organisations including the Scottish Federation of Housing Associations (SFHA) Scotland's Housing Network (SHN), SHARE and Housing Health and Safety Compliance Network. Board Members and Staff are supported and encouraged to attend sector events and conferences and training to strengthen skills and knowledge.

A new five-year Business Plan for the period 2025-2030 was approved in 2025. This plan reaffirms the Association's commitment to partnership working, meeting the needs of its communities and delivering high-quality homes and services.

The operating environment during the year continued to be shaped by financial uncertainty, political pressures and the ongoing national housing crisis. Despite these challenges the Association maintained a strong focus on tenant engagement and delivered positive performance across key service areas.

Significant investment in existing stock remained a priority with over £1.375 Million invested in property improvements in 2025-26. This included kitchen, bathroom, window and door replacements. The Association maintained 100% compliance across all required safety checks including gas, electrical and fire safety.

The Association continued to enhance its Money Advice service which remains available free of charge to all tenants, providing critical support in response to cost of living pressures. Community initiatives such as 'Come Dine With Us' and the annual festive family event were delivered successfully supporting community cohesion and promoting health and wellbeing with very positive feedback from participants.

Ensuring that Board Members and employee have the appropriate skills, knowledge and experience to fulfil their roles remains a key priority. The Association continues to invest in training and development to support compliance with regulatory and legal requirements, and to enable the delivery of high quality services.

The Association recognises that, to deliver high quality services to our tenant and communities, it must continually adapt with an evolving operating environment. Central to this is ensuring that employees are equipped with the appropriate tools, resources and support to performance their roles effectively and deliver positive outcomes for customers.

The Association continues to work collaboratively with partners and remains committed to its role as a community anchor organisation based in the heart of Muirhouse. Through this role, it supports a range of local organisations and social enterprises, contributing to the resilience and sustainability of the wide community.

All projects undertaken are aligned to the Association's strategic objectives and priorities. These are focused on strengthening community partnerships, enhancing housing services and improving the quality of homes. In doing so the Association contributes to wider outcome including neighbourhood and environmental improvements, increasing economic opportunities, promoting health and wellbeing and supporting children and young people.

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Review of Business and Future Developments (continued)

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 strongly against the indicators set out within the Social Housing Charter. Benchmarking is undertaken both locally through our participation in ARCHIE and nationally through our membership of Scotland's Housing Network, enabling us to monitor performance and drive continuous improvement.

The Association is regulated by the Scottish Housing Regulator (SHR). Throughout the year, we have undertaken ongoing self-assessment, internal audit activity and engaged external assurance where appropriate to ensure that the Board of Management remains assured of our compliance with the SHR Regulatory Framework. This assurance has been reported to stakeholders and the Association has maintained a compliant regulatory status with a compliant engagement plan in place for 2026/27.

As we move through 2026/27 and beyond, the Association continues to operate within a challenging and evolving environment. Delivering our strategic plan will require ongoing investment in our homes, services and people, alongside a continued focus on operational efficiency and value for money. We will also progress key priorities including digital innovation, sustainability and service improvement, ensuring we remain resilient, responsive and focus on meeting the needs of our tenants and communities.

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 is embedded across all areas of the organisation and encompasses not only financial, health and safety, business continuity and insurance risks, but also those relating to service delivery, organisational effectiveness, reputation, regulatory and legislative compliance and environmental suitability.

The principal risks that face the Association together with the key mitigating actions, are set out below:

Government policy – National and local.

Board members and staff actively participate in relevant conferences, briefing and training events to remain informed of emerging policy, legislative and regulatory developments. Membership of sector bodies such as SFHA, SHARE, EVH and CIH ensures regular updates and promotes sector awareness. The Association continues to monitor the implementation of the Housing (Scotland) Bill and other legislative and regulatory changes that may impact our operations, tenants and governance arrangements. We also continue to develop our understanding of Social Housing Net Zero Standard (SHNZS) and associate energy efficiency requirements, taking into consideration the implications for asset investment, funding, business planning and the delivery of the Scottish Government climate change objectives.

Risk to income including welfare reform

The Association continues to closely monitor welfare reform, affordability pressures and the wider cost of living challenges faced by tenants. Staff, particularly within Housing Management, receive ongoing training to ensure they can provide appropriate advice and support to tenants. Dedicated Financial Inclusion and Energy Advice services remain in place to help maximise household income, reduce fuel poverty and sustain tenancies. Tenants are kept informed of relevant changes through direct communication, newsletters, digital channels and community engagement activities.

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Review of Business and Future Developments (continued)

Business continuity and disaster recovery

Risks relating to data loss, cyber security, technology failure and office inaccessibility are mitigated through comprehensive IT support arrangements, secure cloud-based systems, regular data backups, cyber security controls and business continuity procedures. The Business Continuity Plan is reviewed regularly and tested to ensure it remains effective and reflects changes in working practices, technology and emerging risks. Staff receive ongoing training and awareness raising to support organisational resilience and service continuity.

Development and growth

Opportunities for growth and development continue to be carefully assessed to ensure alignment with the Association's strategic objectives, risk appetite and financial sustainability. Robust appraisal processes are used to evaluate new initiatives, partnerships and investments opportunities. The Board are continuing to review the performance and governance of Muirhouse Homes to minimise and mitigate any associated risks. The Association remains focused on delivering value for money and investing in existing homes, services and communities.

Financial risk management and governance

The Association continues to maintain a strong financial position through prudent treasury management, regular financial monitoring and long term business planning. The refinancing of the loan portfolio has provided ongoing certainty over borrowing arrangements and reduced exposure. Treasury management practices are reviewed regularly to ensure liquidity requirements are met and risks are effectively managed. Governance risks are mitigated through robust assurance arrangements including internal and external audit, Board scrutiny, performance monitoring, risk management processes and annual self-assurance against the Regulatory Standards of Governance and Financial Management.

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

The Association continues to manage financial risk through prudent budgeting, robust financial planning and regular monitoring of economic conditions. While inflation has moderated form the peak levels experienced in recent years, ongoing economic uncertainty, rising operating costs and affordability pressures on households continue to present challenges. The Association remains mindful of the potential for economic slowdown and the impact this may have on tenant, contractors and wider housing sector. Long term financial projections are updated regularly and include comprehensive sensitivity analysis to assess the impact of adverse economic scenarios including increases in inflation, interest rates, operating costs and reduction in rental income.

Governance

The Association continues to maintain a strong governance framework, supported by an experienced and skilled Board of Management. During 2025/26 the Association utilised external governance expertise to support Board development, undertake governance reviews and appraisals and assist with the implementation and monitoring the Strategic Plan. Succession planning, ongoing training and regulator performance evaluation ensure the Board remains effective in providing leadership, oversight and strategic direction.

Emerging technologies and cybercrime

The Association continues to invest in technology, software and secure data management systems to strengthen its cyber resilience and support service delivery. Cybersecurity remains a key focus with regular system updates, vulnerability testing, staff training and awareness initiatives in place to reduce the risk of cyber threats. During 2026/27 the Association will continued to explore opportunities to utilise artificial intelligence (AI) and other emerging technologies to improve efficiency, enhance decision making and streamline services, whilst ensuring appropriate governance, security and ethical considerations are embedded in within any future implementation.

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Principal Risks & Uncertainties (Continued)

Risk Management

Risk Management falls within the remit of the Association's Audit and Risk Committee. The risk register, developed and maintained by the Management Team is review quarterly by the Committee with significant changes and emerging risk report to the Board of Management.

Risks are assessed based on both the likelihood or occurrence and potential impact. These scores are combined to determine an overall risk rating. Risk scoring 17 or above (out of a maximum of 25) are categorised as high-risk and highlighted as Red. Such risk represent an unacceptable level of exposure and require enhanced monitoring, management oversight and implementation of mitigating actions to reduce the risk to an acceptable level.

The Association mitigates risk through a combination of established controls and planned improvement actions. These include staff training and development, tenant engagement and communication, policy reviews, investment in technology and cybersecurity, business continuity planning, assurance activities and internal audit programmes. Progress against planned action is monitored regularly to ensure risks are effectively managed and exposure remains within the Association's risk appetite.

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.

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;
- assess the Association's ability to continue as a going concern, the Financial Statement is prepared on this 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.

The Board of Management is also responsible for safeguarding the assets or the Association and for taking reasonable steps to prevent and detect fraud and to other irregularities. In addition, it is responsible for maintaining effective systems or risk management, internal control and governance and for ensuring that 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 applicable accounting standards and generally accepted accounting practices.

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Statement of Board of Management's Responsibilities

The Board of Management is also responsible for ensuring appropriate arrangements are in place to protect information and data held by Association and to manage emerging risks, including cyber security risks.

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.

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 misstatement 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 2026. 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

[redacted]

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

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 Limited

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

15 September 2026

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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 2026 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 2026 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.

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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.

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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 Limited

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

Date 15 September 2026

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

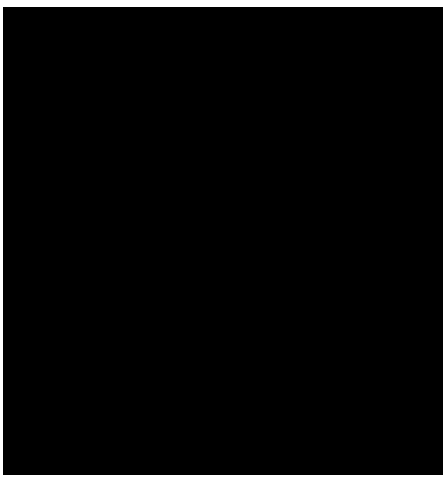
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Notes		2026 £		2025 £
Turnover	2		3,859,412		3,680,654
Operating expenditure	2		(3,176,549)		(2,931,398)
Loss on disposal of fixed assets	2		-		(4,451)
Operating surplus	8		682,863		744,805
Interest receivable and other income		65,120		52,406	
Interest payable and similar charges	7	(316,587)		(334,624)	
Other finance costs		(6,000)		(5,000)	
			(257,467)		(287,218)
Surplus before taxation			425,396		457,587
Taxation	9		-		-
Surplus for the year			425,396		457,587
Actuarial gain/(loss) in respect of pension schemes	18		34,000		16,000
Total comprehensive income for the year			459,396		473,587

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 on the 31st of August 2026 and signed on its behalf by:



James Hill
Chair

Haris Adrees
Board Member

Susan Bell
Secretary

The notes on pages 16 to 35 form part of these financial statements.

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2026

	Share Capital	Revenue Reserve	Total Unrestricted Funds
	£	£	£
Balance at 1 April 2025	38	7,828,929	7,828,967
Movement in share capital	1	-	1
Surplus from statement of total comprehensive income	-	459,396	459,396
Balance at 31 March 2026	39	8,288,325	8,288,364
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

The notes on pages 16 to 35 form part of these financial statements.

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Notes		2026 £		2025 £
Fixed assets					
Housing properties	10a		25,620,154		25,559,366
Other tangible fixed assets	10b		89,363		102,390
Intangible fixed assets	10c		-		-
			25,709,517		25,661,756
Investment	11		1		1
Current assets					
Debtors	15	112,426		128,945	
Cash at bank and in hand	20	2,016,761		1,544,561	
Investments	20	731,071		1,513,076	
		2,860,258		3,186,582	
Creditors: amounts falling due within one year	16	(1,001,152)		(1,020,726)	
Net current assets			1,859,106		2,165,856
Total assets less current liabilities			27,568,624		27,827,613
Creditors: amounts falling due after more than one year	17		(19,104,260)		(19,799,646)
Provisions for liabilities					
SHAPS defined benefit obligation	18		(176,000)		(199,000)
Net assets			8,288,364		7,828,967
Capital and reserves					
Share capital	21		39		38
Revenue reserves	22		8,288,325		7,828,929
			8,288,364		7,828,967

The financial statements were approved and authorised for issue by the Board of Management on the 31st of August 2026 and signed on its behalf by:



James Hill
Chair

Haris Adrees
Board Member

Susan Bell
Secretary

The notes on pages 16 to 35 form part of these financial statements.

Docusign Envelope ID: 9C840827-FCD1-8972-81E1-0C561DB6C5F0

MUIRHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 March 2026

	Notes	2026	2025
		£	£
Total cash generated from operating activities	19	1,291,627	1,186,192
Cash flows (used in) investing activities			
Purchase of tangible fixed assets		(1,116,557)	(813,470)
Purchase of intangible fixed assets		-	-
Interest received		65,120	52,406
Total cash flows (used in) investing activities		(1,051,437)	(761,064)
Cash flows (used in) financing activities			
Interest paid		(316,587)	(334,624)
New loans received		-	-
Repayment of borrowings		(233,410)	(228,377)
Share capital issued		1	(37)
Total cash flows (used in) financing activities		(549,996)	(563,038)
Cash and cash equivalents			
Total movement			
Operating activities		1,291,627	1,186,192
Investing activities		(1,051,437)	(761,064)
Financing activities		(549,995)	(563,038)
Net decrease in cash and cash equivalents		(309,805)	(137,910)
Cash and cash equivalents at the start of the year		3,057,637	3,195,547
Cash and cash equivalents at the end of the year	20	2,747,832	3,057,637

The notes on pages 16 to 35 form part of these financial statements.

Docusign Envelope ID: 9C840827-FCD1-8972-81E1-0C561DB6C5F0

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 2026/27 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 2026, the net defined benefit pension deficit liability was £176,000 (2025: £199,000), which has been included within the provisions for pensions liability in the financial statements.

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1. Principal accounting policies (continued)

Scottish Housing Association Pension Scheme (SHAPS) (continued)
In the year ended 31 March 2026, 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:

Component	*Useful Economic Life*
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.

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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.

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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 2026 was £176,000 (2025: £199,000)

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.

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

	Turnover	Operating Costs	2026 Operating Surplus/ (Deficit)	2025 Operating Surplus/ (Deficit)
	£	£	£	£
Affordable lettings activities (Note 3)	3,424,848	3,117,977	306,871	393,605
Loss on disposal of fixed assets	-	-	-	(4,451)
Other activities (Note 4)	434,564	58,572	375,992	355,651
Total	3,859,412	3,176,549	682,863	744,805
Total for previous reporting period	3,680,654	2,931,398	744,805	

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

	General Needs Housing	Supported Housing	2026 Total	2025 Total
	£	£	£	£
Turnover				
Rent receivable net of service charges	2,864,471	-	2,864,471	2,757,115
Service charges receivable	106,125	-	106,125	101,891
Gross income from rents and service charges	2,970,596	-	2,970,596	2,859,006
Less: Voids	(4,128)	-	(4,218)	(11,827)
Net income from rents and service charges	2,966,468	-	2,966,468	2,847,179
Grants released from deferred income	458,470	-	458,470	458,470
Revenue grants from Scottish Ministers	-	-	-	-
Total turnover from affordable letting activities	3,424,938		3,424,938	3,305,649
Management and maintenance administration costs	1,210,215	-	1,210,215	1,194,533
Service costs	112,987	-	112,987	70,273
Planned and cyclical maintenance including major repair costs	451,859	-	451,859	337,896
Reactive maintenance costs	280,310	-	280,310	290,132
Bad debts – rents and service charges	6,836	-	6,835	4,194
Depreciation of affordable let properties	1,055,771	-	1,055,771	974,996
Operating costs for affordable letting activities	3,117,978	-	3,117,978	2,912,044
Operating surplus for affordable letting activities	306,960	-	306,960	393,605
Operating surplus for affordable letting activities for previous reporting period	393,605	-	393,605	

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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 2026 £	Operating surplus or deficit 2025 £
Mid-market rent lease charge	-	-	-	379,960	379,960	-	24,375	355,585	336,672
Mid-market rent management charge	-	-	-	17,651	17,651	-	-	17,651	17,651
Gift aid received from subsidiary	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	36,953	36,953	-	34,196	2,757	1,328
Total from other activities	-	-	-	434,564	434,564	-	58,571	375,993	355,651
Total from other activities for the previous reporting period	-	-	-	375,005	375,005	-	19,354	355,651	

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

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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.

	2026	2025
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	83,399	80,578
Employer's pension contributions	8,340	8,058
Total emoluments payable	91,739	88,636

Total cost including Employers NI was £101,951.

Key management personnel in the current year are considered to be the Board of Management and the Chief Executive.

	2026	2025
	£	£
Emoluments payable to key management personnel (excluding pension contributions)	83,399	80,578
Employer's pension contributions	8,340	8,058
Total emoluments payable	91,739	88,636

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

	2026	2025
	No.	No.
£60,001 to £ 70,000		
£70,001 to £ 80,000	-	
£80,001 to £ 90,000		1
£90,001 to £100,000	1	-

6. Employee information

	2026	2025
	No.	No.
The average monthly number of full-time equivalent persons employed during the year was	13	13
The average total number of employees employed during the year was	13	13

	£	£
Staff costs were:		
Wages and salaries	595,603	576,134
Social security costs	69,130	58,358
Other pension costs	51,385	34,413
	716,118	668,905

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7. Interest payable	**2026**	**2025**
	£	£
On bank loans and overdrafts	316,587	334,624

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £Nil (2025: £Nil).

8. Operating surplus before taxation			**2026**	**2025**
			£	£
Surplus on ordinary activities before taxation is stated after charging/(crediting):				
Depreciation	-	tangible owned fixed assets	1,068,897	984,714
Amortisation	-	housing association grant	(458,470)	(458,470)
Auditors' remuneration	-	audit services	12,800	12,200
Operating lease rentals	-	other	3,620	1,512

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**
(a) Housing properties	**for letting**
Cost	**£**
As at 1 April 2025	44,012,203
Additions	1,116,557
Disposals	(278,437)
As at 31 March 2026	44,850,323
Depreciation	
As at 1 April 2025	18,452,838
Charge for year	987,852
On disposals	(210,521)
As at 31 March 2026	19,230,169
Net book value	
As at 31 March 2026	25,620,154
As at 31 March 2025	25,559,366

Expenditure on works to existing properties	**2026**	**2025**
	£	**£**
Replacement component spend capitalised	1,116,557	789,089
Amounts charged to income and expenditure	274,155	459,063
Total major repairs spend	1,390,712	1,248,152

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 (2025: £2,948,744). The net book value of properties held as security is 7,524,000 (2025: £7,524,000).

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10. Fixed assets (continued)

Housing stock	**2026** No.	**2025** 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	**2026**	**2025**
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 2025	91,415	130,761	31,993	254,169
Additions		-	-	
Disposals	(52,418)	-	(26,002)	(78,420)
As at 31 March 2026	38,997	130,761	5,991	175,749
Aggregate depreciation				
As at 1 April 2025	65,449	58,545	27,785	151,779
Charge for year	9,127	2,347	1,553	13,027
Disposals	(52,418)	-	(26,002)	(78,420)
As at 31 March 2026	22,158	60,892	3,336	86,386
Net book value				
As at 31 March 2026	16,839	69,869	2,655	89,363
As at 31 March 2025	25,966	72,217	4,208	102,390

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11. Investments	**2026**	**2025**
	£	**£**
Cost		
As at 1 April 2025 and 31 March 2026	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.

	2026	**2025**
	£	**£**
Aggregate capital and reserves		
Muirhouse Homes Limited	65,986	76,512
Profit/(loss) for the year		
Muirhouse Homes Limited	(10,527)	-

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	**2026**	**2025**
	£	£
Capital expenditure that has been contracted for future years but is not included in the Financial Statements to 31 March 2026. Expenditure will will be recognised in future statements in the period to which it relates.	2,175,214	3,023,385

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 £517,531 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.

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14. Commitments under operating leases

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

	2026	2025
	£	£
Within 1 year	3,620	3,322
Between 1 and 2 years	1,829	5,247
Between 2 and 5 years	317	3,367

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:

	2026	2025
	£	£
Within 1 year	202,925	395,310
Between 2 and 5 years	-	197,655
	202,925	592,965

The operating leases represent leases of 60 properties to Muirhouse Homes Limited the current lease was signed by the Boards of MHA and MH4 and ends in September 2026.

15. Debtors

	2026	2025
	£	£
Arrears of rent and service charges	104,085	95,134
Less: Provision for doubtful debts	(25,723)	(22,469)
	78,362	72,665
Prepayments and accrued income	31,660	32,663
Trade debtors	1,500	1,500
Amounts owed by group undertakings	904	22,116
	112,426	128,945

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16. Creditors: Amounts falling due within one year

	2026	2025
	£	£
Housing loans (Note 17)	233,410	225,028
Trade creditors	382	182
Rent in advance	167,028	113,392
Other taxation and social security	17,085	14,809
Other creditors	9,078	8,260
Accruals and deferred income	121,699	200,585
Deferred Housing Association Grant (Note 17)	458,470	458,470
Loan Fee Amortisation	(6,000)	-
	1,001,152	1,020,726

At the balance sheet date there were pension contributions outstanding of £8,260 (2025: £6,552).

17. Creditors: Amounts falling due after more than one year

	2026	2025
	£	£
Housing loans	7,699,225	7,889,141
Loan Amortisation	(47,000)	-
Deferred Housing Association Grant	11,452,035	11,910,505
	19,104,260	19,799,646

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:

	2026	2025
	£	£
Within one year	233,410	225,028
Between one and two years	233,410	225,028
Between two and five years	700,229	675,083
In five years or more	6,765,586	6,989,030
	7,932,635	8,114,169
Less: Amount shown in current liabilities	(233,410)	(225,028)
	7,699,225	7,889,141

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

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 £4,706,611 (2025: £4,858,941) with rates varying between 2.24%% and 2.65% (2025: 2.24% and 2.65%). The remainder of the loans are charged at variable rate interest with margins ranging between 5.35% and 6.1% (2025: 5.25% and 4.5%)

	2026 £	2025 £
Deferred Housing Association Grant		
Balance b/fwd	12,368,975	12,368,975
Released in year	(458,470)	(458,470)
Balance c/fwd	11,910,505	12,368,975
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	9,618,155	10,076,625
	11,910,505	12,368,975
Less: Amount shown in current liabilities	(458,470)	(458,470)
	11,452,035	11,910,505

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan has been put in place to eliminate this deficit, which will run from 1 April 2026 for a period of at least four years to 31 March 2030. This may be extended to 31 March 2032 if the judgement in the court case referenced below results in additional Scheme liabilities. This position will be reviewed at the 2027 valuation.

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 the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

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

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18. Retirement Benefit Obligations (continued)

Full judgement in the Verity Trustees v Wood court case is still awaited. Should the Court decide that historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate made, although this will be addressed if required by the potential extension of the Recovery Plan referenced above.

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

	2026 £	2025 £
Fair value of the plan of assets	1,439,000	1,404,000
Present value of defined benefit obligation	1,615,000	1,603,000
Surplus/(deficit) in plan	(176,000)	(199,000)
Unrecognised surplus	-	-
Defined benefit asset/(liability) to be recognise	(176,000)	(199,000)
Deferred tax	-	-
Net defined benefit asset/(liability) to be recognised	(176,000)	(199,000)

Reconciliation of opening and closing balances of the defined benefit obligation

	Period from 31 March 2026 £
Defined benefit obligation at start of period	1,603,000
Current service cost	-
Expenses	2,000
Interest expense	92,000
Contributions by plan participants	-
Actuarial losses/(gains) due to scheme experience	(28,000)
Actuarial losses/(gains) due to changes in demographic assumptions	13,000
Actuarial losses/(gains) due to changes in financial assumptions	(19,000)
Benefits paid and expenses	(48,000)
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	1,615,000

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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 2026 £
Fair value of plan assets at start of period	1,404,000
Interest income	81,000
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	-
Contributions by the employer	2,000
Contributions by plan participants	-
Benefits paid and expenses	(48,000)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of the period	1,439,000

The actual return on the plan assets (including any changes in share of assets) over the period from 31 31 March 2026 was £81,000 (2025: £98,000).

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

	Period From 31 March 2026 £
Current service cost	-
Expenses	2,000
Net interest expense	11,000
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 (SoCI)	13,000

Defined benefit costs recognised in other comprehensive income

	Period From 31 March 2026 £
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	-
Experience gains and losses arising on the plan liabilities – gain/(loss)	28,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	(13,000)
Effects of the changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	19,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain/(loss)	34,000
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)	34,000

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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 FRS 102 Section 28 represents the employer contribution payable.

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18. Retirement benefit obligations (continued)

The valuation results at 30 September 2024 were completed in 2025 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 £689.8 million and the Plan's Technical Provisions (i.e., past service liabilities) were £769.3 million. The valuation therefore revealed a deficit compared with the value of liabilities of 79.5 million, equivalent to a past service funding level of 100%. The funding deficit has increased to £79.5m at 30 September 2024.

The Plan's funding level has decreased since the 2021 valuation and has faced significant challenges due to the rapid rise in gilt yields since the last valuation. This came to a head during the "mini-budget" in September 2022.

The Technical Provisions or "scheme funding" basis, funding level reduced from 98% to 90% as at 30 September 2024. The Scheme deficit has increased from £27.3M to £79.5m. This means that a Recovery Plan is required to address the deficit and has been agreed that deficit recovery contributions will start from 1 April 2026.

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 £34,745 from 1 April 2026. Payments are expected to increase by 3% per annum.

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 £517,531.

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19. Statement of Cash Flows

	2026	2025
	£	£
Cash flows from operating activities		
Cash generated from operations		
Surplus for the year	459,396	473,587
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	1,068,897	984,742
Decrease/(Increase) in trade and other debtors	16,519	37,263
(Decrease)/Increase in trade and other creditors	(23,182)	(121,569)
(Decrease)/Increase in pension provision	(23,000)	(16,000)
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
Interest receivable	(65,120)	(52,406)
Interest payable	316,587	334,624
Total cash generated from operating activities	1,291,627	1,186,192

20. Cash and cash equivalents

	At 1 April 2025 £	Movement in year £	At 31 March 2026 £
Cash at bank and in hand	1,544,561	472,200	2,016,761

Reconciliation of net cash flow to movement in net debt	**2026**
	£
Cash movement in the year	(472,200)
Cash inflow from debt financing	(233,409)
Change in debt resulting from cash flows	(705,609)
Net Debt at the start of the year	5,207,572
Net Debt at the end of the year	4,501,963

A change was made to the recognition of cash held in MHA's Flagstone investment account from Cash at Bank and in hand to Current assets investments. This has affected the change in Net Debt at the end of March 2026.

Analysis of changes in net debt	At 1 April 2025 £	Cashflow Changes £	Other Non-Cashflow Changes £	At 31 March 2026 £
Cash and cash equivalents				
Cash at bank and in hand	1,544,561	472,200	-	2,016,761
Investments	1,513,076	(782,005)	-	731,071
Borrowings				
Debt due within one year	(33,067)	233,409	-	200,342
Debt due after one year	(226,591)	7,699,225	-	7,472,634
	(259,658)	7,932,634	-	7,672,976
Total	2,797,979	7,622,829	-	10,420,808

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21. Share capital

	Ordinary Shares of £1 each issued and fully paid £
At 31 March 2025	38
Issued in the year	1
Revoked in year	
At 31 March 2026	39

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 members received £221 (2025: £180) 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 £379,960 (2025 £349,608) in respect of these leases. In addition, it provided management services totalling £17,651 (2025: £16,389) to Muirhouse Homes Limited. Muirhouse Homes Limited agreed a gift aid distribution of £nil (2025: £nil) to the Association in relation to the prior period financial results. The balance due from Muirhouse Homes Limited at 31 March 2026 was £904 (2025: £10,130) and is included in the Association's debtors in note 15.

During the year to 31 March 2026, two (2) Board of Management members were tenants of the Association (2025: 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 £14,849 (2025: £13,120) and the net balance outstanding As at 31 March 2026 was £nil (2025: £Nil).

Board of Management member J R Douglas is a tenant of Muirhouse Housing Association and also a Director of Muirhouse Homes Limited.

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