

**MELVILLE HOUSING ASSOCIATION LIMITED**  
**REPORT and CONSOLIDATED FINANCIAL STATEMENTS**  
**Year ended 31 March 2026**

**Registered Housing Association No. HAL 286**

**Financial Conduct Authority No. 2466 R(S)**

**Recognised Scottish Charity No. SC 032755**

**MELVILLE HOUSING ASSOCIATION LIMITED**

**REPORT and CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 March 2026**

**CONTENTS**

**Page**

|           |                                                                   |
|-----------|-------------------------------------------------------------------|
| <b>1</b>  | Executives and advisers                                           |
| <b>2</b>  | Report of the Board                                               |
| <b>11</b> | Statement of responsibilities of the Board                        |
| <b>12</b> | Internal financial control - Board Statement                      |
| <b>13</b> | Report of the Independent Auditor                                 |
| <b>16</b> | Report of the Independent Auditor on Corporate Governance matters |
| <b>17</b> | Consolidated statement of comprehensive income                    |
| <b>18</b> | Consolidated statement of changes in reserves                     |
| <b>19</b> | Consolidated statement of financial position                      |
| <b>20</b> | Consolidated statement of cash flows                              |
| <b>22</b> | Notes to the financial statements                                 |

# MELVILLE HOUSING ASSOCIATION LIMITED

## EXECUTIVES AND ADVISERS

Year ended 31 March 2026

### BOARD:

Ms D Bogdanovic (Chair)  
Mr D Bond (Vice Chair)  
Ms C Quinn (Secretary)  
Mrs C Hanlan (resigned 11 June 2025)  
Ms C Marshall  
Mr P Cameron  
Mr D Takhar  
Mr Brian Wilkie (resigned 13 August 2025)  
Ms Gayle Templeton (resigned 10 September 2025)  
Ms Rebecca Mclean  
Mr John Dalley  
Mr Thomas Mallatratt  
Ms Victoria Watson (co-opted 2 October 2025)  
Ms Julie Smith (co-opted 2 October 2025)  
Ms Laura Harris (co-opted 2 October 2025)

### SENIOR OFFICERS AND KEY MANAGEMENT

Mr J McMorrow, Chief Executive Officer  
Ms K Dean, Head of Finance & Corporate Services / Deputy CEO

### REGISTERED OFFICE:

The Corn Exchange  
200 High Street  
Dalkeith  
EH22 1AZ

### AUDITORS:

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

### SOLICITORS:

Harper Macleod LLP  
The Ca'd'oro, 45 Gordon Street  
Glasgow G1 3PE

### BANKERS:

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

### Registration Particulars:

Financial Conduct Authority Co-operative and Community  
Benefit Societies Act 2014  
Registered Number 2466 R(S)  
Recognised Scottish Charity SC 032755  
The Scottish Government, Housing (Scotland) Act 2010  
Registered Number HAL 286

# MELVILLE HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

**For the year ended 31 March 2026**

The Board of Melville Housing Association Limited presents the group report and the audited financial statements for the year ended 31 March 2026.

### Principal activities

The Association was formed on 9 February 1994 and is registered under the Co-operative and Community Benefit Societies Act 2014 and with the Scottish Government under the Housing (Scotland) Act 2010.

Ironmills Developments Limited is a wholly-owned subsidiary of Melville Housing Association Limited.

The principal activities of the group are the provision and management of affordable rented accommodation. At 31 March 2026, the Association held 2,142 units for social rent, 10 leased properties and 11 units for letting to Ironmills. Ironmills continued to manage mid market rental properties.

### Objectives

The Association's objectives are set out in its business plan 2026-2031 which was approved by the Board in October 2025. The headline objectives are set out below:

1. Enhance the Quality of our Homes and Neighbourhoods
2. Strengthen Core Services
3. Maintain Excellent Standards of Governance
4. Support our Communities to Thrive
5. Spend Wisely

The following paragraphs set out how Melville has performed during the year ended 31 March 2026 to deliver these objectives.

## OPERATING AND FINANCIAL REVIEW

### Introduction

During the year we invested £4.6m in property maintenance and refurbishment, and £0.9m in developing new properties. Our annual net rent and service charge income increased by 5.5% in the year to £11.3m from £10.7m as a consequence of an increase in rental charges of 4.5% applied from 1 April 2025.

We returned an operating surplus after interest payable and receivable of £2.0m (2025: £5.8m). Our 2025 customer satisfaction levels are at 90% in comparison with the Annual Return on the Charter (ARC) Scottish average of 87%. (Source: ARC data 2023/24).

### Housing and Housing Support Services

#### *Housing Services*

Managing arrears effectively has continued to be a major focus throughout an ongoing period of financial difficulty for many tenants. We successfully obtained funding to help those facing hardship, while our in-house Welfare Advice team has continued to provide valuable support by maximising household income and helping Melville tenants maintain their tenancies during these challenging times.

#### *Lettings*

During the year, 72 properties became available for relet, lower than the 97 recorded in 2025. The average time taken to relet homes was 15.7 days, compared with 15 days the previous year. No new build properties were completed during 2026. Despite the slight increase in relet times, our performance continues to compare very favourably with the Scottish average of 61 days reported through the Annual Return on the Charter. (Source: Scottish Housing Regulator, National Report on the Scottish Social Housing Charter 2024–2025).

## MELVILLE HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (continued)

For the year ended 31 March 2026

#### OPERATING AND FINANCIAL REVIEW (continued)

##### *Rent arrears*

Our non-technical tenant arrears were 1.80% of rental income at 31 March 2026 compared with 1.7% for the year ending 31 March 2025. This remains to be an extremely strong performance against our target of 2.5%.

##### *Tenancy Support*

Melville is committed to supporting tenants as they settle into their new homes, helping to minimise tenancy breakdowns and promote strong, sustainable communities.

The percentage of tenants remaining in their tenancy 12 months after moving in was 96.27% in 2025/26, compared with 97.94% in the previous year. Although slightly lower, this performance continues to exceed the Scottish average tenancy sustainment rate of 91%. (Source: Scottish Housing Regulator, National Report on the Scottish Social Housing Charter 2024–2025).

##### *Welfare Advice Services*

Throughout the year, our Welfare Advice service supported tenants in securing almost £1million in previously unclaimed benefits. In addition, tenants received £11k through Energy Advice support and a further £38k of assistance from external funding, helping to improve wellbeing and support tenancy sustainment.

#### **Asset Management and Value for Money**

##### *Housing Stock*

During the year we invested £4.6m in property maintenance and improvements, underlining our commitment to maintaining the standard of our existing properties. We carried out a range of planned and cyclical programmes, including replacing 72 bathrooms, fitting 65 new kitchens, renewing 18 roofs and replacing 64 heating systems.

We invested £42k in medical adaptations during the year, funded by grants received from the Scottish Government, and completed 44 adaptations. This helped people of all ages to continue to live independently in their own homes.

##### *Value for Money*

We have continued to develop and implement our value for money strategy and have made significant financial savings in the past through tendering of major contracts and IT system upgrades. These actions and other cost savings have meant that in recent years we have been able to keep our rent increase lower than most RSLs. However, in 2024/25 repair costs rose by 35% resulting in a higher rent increase being required to ensure all other services could continue as normal. We will continue to review our financial plans which enable the provision of a quality sustainable service with affordable rents, while being mindful of sustaining the financial viability of the organisation.

We have an active group of tenant representatives who meet at least three times a year undertaking activities which include a review of our performance and our Annual Report to Tenants, discussing value for money ideas and giving input on ways to improve our service. The group also actively reviews our financial results with a particular focus on how Melville invests and spends its rental income.

## MELVILLE HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (continued)

For the year ended 31 March 2026

#### OPERATING AND FINANCIAL REVIEW (continued)

##### *Sustainability*

As part of our commitment to building sustainable communities for the future - an important focus as we look ahead to the next 30 years - we continue to believe that supporting tenants and protecting the environment should go hand-in-hand. Throughout the year we progressed a number of sustainability initiatives, including:

- Exploring opportunities to install more environmentally friendly air source heat pumps in place of traditional gas heating systems.
- Installing EV charging points and solar PV systems within new housing developments.
- Rolling out our new Rubixx housing management system as part of an increasingly paperless office approach - reducing our direct impact on the environment.
- Rescuing and finding new homes for good quality white goods, primarily, but not exclusively, fridges.

##### *Financial Assets*

Through active treasury management and in accordance with our treasury management policy, we have minimised our loan drawdowns, keeping interest costs as low as possible. We take third party advice on all new loans to ensure best terms and update our cash flow forecasts each month to ensure ongoing liquidity. Any surplus cash is invested in interest-bearing accounts.

##### **Working harder for our communities**

Supporting tenants through financial hardship and helping sustain communities has remained a major focus throughout our anniversary year. At a time when many households continue to face pressures linked to the cost of living, rising energy prices and increasing day-to-day expenses, all teams across Melville have continued working to provide practical help, advice and support.

Here are details of some of the additional help and support we have provided over the past year:

##### *Reducing Hardship, Tackling poverty and providing essential support*

1. Over the past year, our housing team has continued to strengthen relationships with tenants, proactively reaching out to households, including many we would not normally have regular contact with. This approach has helped keep rent arrears at record low levels while also identifying tenants facing significant financial pressures and providing around £40,000 in additional support funding. This assistance has helped households manage challenges including rent arrears, rising energy costs, food costs, household appliances and travel expenses.
2. Partnership working remains central to our approach and, during our 30th anniversary year, we provided £6,500 in additional festive donations to a range of charities and community organisations delivering vital support across Midlothian and South Lanarkshire. These included:
  - The Midlothian Foodbank, run by the Trussell Trust
  - Midlothian Women's Aid
  - Mayfield-based youth charity Y2K
  - The Dalkeith Storehouse Christmas Appeal
  - Clydesdale Foodbank
  - The Mayfield Pantry, operated by MAEDT
  - Food Fact Friends in Penicuik and Woodburn
  - The Central Dalkeith and Woodburn Community Pantry
  - The Edinburgh and Lothians Trust Fund and Aberlour Children's Charity
  - Cash for Kids Mission Christmas
3. We continued distributing energy-efficient cooking devices, including air fryers and slow cookers, to tenants identified as being in particular need.
4. Staff also organised and supported a number of community drop-in sessions across Midlothian, including giving up time on Fridays when Melville is normally closed in order to provide additional face-to-face support for tenants.

## MELVILLE HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (continued)

For the year ended 31 March 2026

#### OPERATING AND FINANCIAL REVIEW (continued)

##### *Fundraising and supporting community organisations*

Giving back to local communities formed a key theme of our 30th anniversary celebrations and wider role activity throughout the year as follows:

1. The centrepiece of this work was our '30 Donations for 30 Years' campaign, which provided support to 30 community groups and organisations across the areas we serve. The campaign reflected Melville's long-standing commitment to community investment and supporting initiatives that improve wellbeing, reduce hardship and strengthen local communities. An additional £7,500 in funding was distributed to a wide range of projects including groups supporting people through the cost-of-living crisis, youth activities, sports clubs, environmental initiatives and wider community projects.
2. As part of the anniversary celebrations, staff and Board members also took part in a volunteering day at the Gorebridge Beacon community hub. Supported by a professional painter provided by repairs contractor R3, the team carried out sanding, painting and repair works to help improve a well-used local community facility.
3. We continued working closely with Y2K, the Mayfield-based youth charity providing vital support and opportunities for local young people, including promoting their work and providing financial support at Christmas.
4. We also worked closely with contractors to support voluntary and community initiatives as part of wider role partnership activity.
5. Throughout the year we continued to highlight and celebrate the contributions of tenants, Board members, local charities and community groups through our social media channels and Voice newsletter.
6. As an anchor organisation within the community, we also continue to make meeting rooms available free of charge or at subsidised rates for local charities and community organisations.

##### *Delivering safer, more attractive and more sustainable communities*

Looking ahead to the future of our communities has been another important theme during our 30th anniversary year, with ongoing work focused on safety, sustainability and improving local environments.

1. During the year our Oak Place development in Mayfield received the highest Secured by Design Gold Award, recognising excellence in crime prevention through design and highlighting the scheme's strong approach to layout, landscaping and building security.
2. In partnership with AICO, we also won the Best Use of Data and Technology award at the Housing Executive Awards, recognising the innovative use of real-time environmental data to improve home safety and tackle damp, mould and poor air quality.
3. We continued working with partners including Nugen and the Midlothian Community Payback team to rescue, safety check and redistribute good quality household appliances that would otherwise go to landfill, helping both the environment and tenants in need.
4. As part of an office clear out, we donated surplus desks to Midlothian Council, helping reduce waste and supporting stretched public sector budgets.
5. We continued promoting recycling and sustainable living through our Voice newsletter and internal staff communications.
6. We also continued working with the Scottish Fire and Rescue Service to promote fire safety, particularly within common stair areas.

## MELVILLE HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (continued)

For the year ended 31 March 2026

#### OPERATING AND FINANCIAL REVIEW (continued)

##### *Digital support, skills and employability*

As part of our wider commitment to supporting people and communities into the future, we continue to promote digital inclusion, employability and skills development among tenants, staff and Board members.

##### *Health awareness*

Supporting health and wellbeing has also remained an important part of our wider role activity throughout our anniversary year.

1. The importance of good mental health has been a central strand of our staff comms throughout the year. This has been promoted through:
  - The work of our two Melville Mental Health First Aid Ambassadors
  - The offer of free counselling sessions with Wellspring, our independent mental health support service
2. We continued to provide and maintain a public access defibrillator as part of a local life-saving network.
3. We continued supporting active travel through participation in the Bike to Work scheme.
4. We also continued promoting positive physical and mental health through our Voice newsletter and online channels.

#### GOVERNANCE AND STAFFING

##### **Governance**

Our Board can have a maximum of 15 members elected at the Annual General meeting. Some members also serve on our Audit Committee. Each elected Board member holds one fully paid share of £1 in Melville Housing Association. The Board is responsible for the governance, strategies, and policies of the Association. The Board and executive officers of the Association are listed on page 1.

In line with the Scottish Housing Regulator's Regulatory Framework, the Board will continue to develop and strengthen its governance role, including when appropriate recruiting new members to add to the range of skills on the Board.

New Board members receive formal induction training to develop their knowledge and understanding of their role to help them to participate effectively in the performance of their duties, and all members are encouraged to attend relevant conferences and training events. All members receive an annual appraisal and skills audit, where combined Board performance, individual contribution, information requirements and future training needs are reviewed. The results of the appraisals are reported to the Board and are used to develop future training plans and to influence the development of governance arrangements.

The Board meets at least annually to consider and update (where necessary) the strategic direction of the organisation. During this time, the Board also receives updates and training on governance matters.

Melville greatly appreciates the effort of all of our Board members for their time, commitment and enthusiasm in helping the Association achieve its aims and objectives.

##### **Staffing**

At the end of the financial year we employed 32 staff. We take a positive approach to individual and group development to ensure staff have the skills to carry out their jobs in a changing environment. This is delivered through structured group and individual training and supporting staff to attain relevant professional qualifications.

All staff, including key management personnel are remunerated based on job grades which have been independently appraised.

## **MELVILLE HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (continued)**

**For the year ended 31 March 2026**

#### **FUTURE DEVELOPMENTS**

##### **Welfare Reform**

48% of our tenants are in receipt of direct housing payments making up 40% of our income.

Therefore, the application of Universal Credit and the direct payment of housing costs to tenants continues to impact on our communities and the services we provide.

We will therefore continue to monitor our tenancy sustainment, arrears, bad debts and cash flow as we all continue to manage the cost of living crisis.

##### **Development plans and opportunities**

No new properties were completed during the year. Work began in January 2026 on a 28 unit mid-market development on the site of the old Newbattle High School. As at year end, £1.5m is included within Development costs relating to this site which is expected to complete by March 2027.

As at year end, Melville has entered into conditional contracts with Taylor Wimpey and Lovell Partnerships for an additional 18 and 8 mid-market units respectively. Work on both sites is expected to complete by May 2027.

We continually review our plans to develop further properties over the next 3-5 years and will examine whether we can secure additional loan finance, as required, to allow further projects to proceed. We consider future inflation expectations while constantly reassessing feasibility studies for such future developments to ensure that the increased costs do not detrimentally impact our 30-year plan or funding requirements.

The housing market, particularly in Midlothian, continues to remain buoyant with an increase of 31% in the population anticipated between 2021 and 2041. Melville remains well placed to assist with the delivery of much needed affordable housing.

##### **Environmental impact**

We are passionate about developing our sustainability strategy to contribute to the net-zero target for Scotland by 2045. This will include setting a definition or base-line for a net-zero property, gathering data on all of our properties to measure performance against that base line, addressing any issues with the fabric of our properties, and ensuring the use of homes is optimised providing advice to tenants on energy usage, smart meters and utility switching. We will also research the requirements to ensure all new build properties are built to net-zero standards. We will continue with our influencing strategies on food waste and energy usage.

We currently support this agenda with salary sacrifice for electric car vehicles and the bike to work scheme alongside the other initiatives mentioned earlier.

##### **30th Anniversary Celebrations and Wider Role Activity**

At the heart of our wider role work this year has been Melville's 30th anniversary, marking three decades of providing affordable homes and supporting communities across Midlothian and beyond. The milestone has provided an opportunity not only to reflect on our history and achievements since 1995, but also to reinforce our ongoing commitment to supporting tenants, investing in communities and helping create places where people can thrive.

A special event at the Dalkeith Corn Exchange brought together tenants, partners, staff and Board members past and present to celebrate the journey so far and the positive impact Melville has made over the last 30 years. Centred around the themes of volunteering, partnership working and giving back, the celebrations also included the launch of Melville's new Corporate Strategy for 2026–2031, setting out an ambitious vision for quality homes, strong services and thriving communities for the future.

The anniversary theme of community support and social impact has run throughout much of our wider role activity over the past 12 months, with significant work undertaken across a number of key areas.

## **MELVILLE HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD (continued)**

**For the year ended 31 March 2026**

#### **CREDIT PAYMENT POLICY**

Melville always seeks to pay suppliers within agreed payment terms. The average payment period is less than thirty days.

#### **TREASURY MANAGEMENT POLICY**

The Association's Treasury Management policy seeks to ensure that Melville always has access to sufficient resources to operate its business and that these are available in a timely manner, and at reasonable cost. In addition, our policy aims to achieve value for money and limit risk in managing our cash resources.

#### **MAINTENANCE POLICIES**

The Association seeks to maintain its properties to the highest standard commensurate with good practice. Programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. The cost of these repairs will be charged to the statement of comprehensive income.

In addition, the Association has a long-term programme of major repairs for works which have become necessary as properties mature, including works required by subsequent legislative changes. This includes replacement of or repairs to features of the properties which have come to the end of their economic lives. The cost of these repairs is reviewed to identify whether or not they add value to the properties; if so, the cost will be capitalised in line with the Statement of Recommended Practice (SORP); if not they will be treated as revenue expenditure.

#### **RESERVES**

##### *Revenue Reserve*

Details of movements in the year are set out below, under 'Surplus for the year and transfers'.

##### *Pension Reserve*

For the year ended 31 March 2026 the Lothian Pension Scheme actuary has informed the Association that its share of the pension surplus amounts to £6.5m (2025: £5.3m), however, in line with accounting requirements, it is not permitted to recognise a pension asset of this nature and therefore the asset/liability is recorded at £nil.

##### *Revaluation Reserve*

All of Melville's housing properties in ownership as at 31 March 2024 were re-valued at that date by Jones Lang LaSalle (JLL) and changes in value were shown in the revaluation reserve. Where properties are revalued and the value is less than the carrying value of the property, and where this represents impairment, this loss is recognised in the statement of comprehensive income. Where these deficits are reversed in subsequent revaluations, those surpluses are also recognised. Our next housing stock revaluation will be in March 2027.

##### *Reserves Policy*

Melville has a history of reinvesting any surpluses in improving and growing its housing stock. This means the majority of its reserves are tied up in property and not available as cash. The Association maintains a level of cash adequate to meet the day to day needs of the business.

#### **EMPLOYEE INVOLVEMENT AND HEALTH AND SAFETY**

Melville Housing Association encourages employee involvement in all major initiatives and holds an annual review day where there is an opportunity for staff to discuss and agree strategic objectives. A staff meeting is held quarterly where staff members can and do raise health and safety issues. In addition, health and safety matters are considered on an ongoing basis at senior management and Board meetings.

## MELVILLE HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD (continued)

For the year ended 31 March 2026

#### SURPLUS FOR THE YEAR AND TRANSFERS

The results for the Group are shown in the statement of comprehensive income on page 17. Total comprehensive income for the year is £2.0m (2025: £5.8m) comprising surplus of £2.5m (2025: £6.1m) plus actuarial gain in respect of pension schemes of £6m (2025: £5.1m) less restriction of not recognising the asset by £6.5m (2025: £5.3m). The Group Revenue Reserve at 31 March 2026 increased by £2.0m to £70.3m (2025: £68.3m), the increase representing the surplus for the year of £2.0m less £0.5m transfer from the Pension Reserve. Total reserves increased by £2.0m (2025: increase £5.8m) to £70.3m (2025: £68.3m). Our subsidiary company, Ironmills Developments Limited, returned an operating surplus of £4.8k (after which gift aid of £4.8k will be made to the Association) during the year to 31 March 2026 (2025: operating surplus of £4.8k, after which gift aid of £4.8k was made to the Association).

#### KEY RISKS

The Association regularly reviews and assesses the risks faced by the organisation in all areas of its works. The Association uses a risk register to record identified risks and these are reviewed regularly, and action taken as appropriate.

Key risk themes identified are:

- Long term cost of living crisis impact on our communities, our staff and our finances – a continued focus on our tenants with continued training provided to housing staff to ensure guidance can be provided on financial support for our tenants; this in addition to our two welfare benefit advisors
- Impact of increasing costs on tenants, our staffing costs and development costs – we will continue to monitor the longer-term impact on rent arrears, review our staffing costs while maintaining the lowest possible rent increase for tenants and continually refresh our financial appraisals for development works in line with rising costs.
- Tenant safety (gas inspections and air quality of homes) – annual gas inspections are completed, and action is taken quickly to address any air quality issues.
- Impact of welfare reform – we continue to monitor our tenancy sustainment, arrears, bad debts and cash flow
- Loss of key staff/board experience – management restructuring to improve resilience and support for senior team and ongoing monitoring of Board recruitment needs and Board development with developed succession planning.
- Maintaining a high-quality customer excellence service – see sections above on how we delivered our corporate strategy aims
- IT and cyber security – we provide our staff with regular training and advice on IT security and cyber awareness.
- Funding Uncertainty in relation to Net Zero and Decarbonisation requirements – we continue to monitor net zero requirements and funding opportunities.

The Board is satisfied that adequate policies, procedures and controls are in place to mitigate these risks as far as possible.

**MELVILLE HOUSING ASSOCIATION LIMITED**

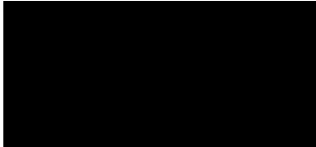
**REPORT OF THE BOARD (continued)**

**For the year ended 31 March 2026**

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

The Board and executive officers who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board and executive officers have confirmed that they have taken all the steps that they ought to have taken as Board members and executive officers in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**BY ORDER OF THE BOARD**



**Secretary**

12 August 2026

The Corn Exchange, 200 High Street, Dalkeith, Midlothian, EH22 1AZ

# MELVILLE HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD (continued)

For the year ended 31 March 2026

### STATEMENT OF RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the balance sheet date, and of its income and expenditure for the year ended on that date.

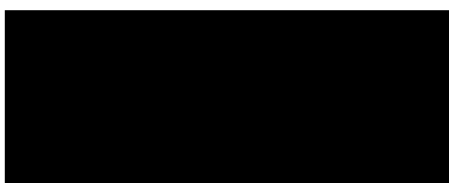
In preparing these financial statements, the Board is required to:

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

The Board 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 is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### BY ORDER OF THE BOARD



Secretary

12 August 2026

## MELVILLE HOUSING ASSOCIATION LIMITED

### STATEMENT ON INTERNAL FINANCIAL CONTROL

The year ended 31 March 2026

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of financial controls that is appropriate for the business environment in which it operates. These financial 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;
- The safeguarding of assets against unauthorised use or disposition.

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

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of financial controls and restrict unauthorised use of the 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 Board and executive officers to monitor the key business risks, financial objectives and the progress being made towards achieving financial plans set for the year and for the medium term;
- Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- The Board receives an annual report from its external auditors who review and test the systems of internal financial control to the extent necessary to express their audit opinion;
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The effectiveness of the Association's system of internal financial control has been reviewed during the year ended 31 March 2026, and until the date noted below to the extent that formal policies and procedures are in place. A full Risk Assessment has been carried out and the Audit Committee has satisfied itself that the Association has an adequate framework of risk management and internal controls systems.

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 external auditors' report on the financial statements.

**BY ORDER OF THE BOARD**



**Secretary**

12 August 2026

### Opinion

We have audited the consolidated financial statements of Melville Housing Association Limited (the 'Association') for the year ended 31 March 2026 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated and Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's and the Group's affairs as at 31 March 2026 and of the Association's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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 – 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 Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The Board is responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters 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 necessary for the purposes of our audit.

**Responsibilities of the Board**

As explained more fully in the Statement of the Board's Responsibilities set out on page 11, the Board members (who are also the Trustees of the Association for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has 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.

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

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.

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 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](http://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.

20 August 2026

**REPORT BY THE AUDITOR TO THE MEMBERS OF  
MELVILLE HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS**

**CT:**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 12 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.

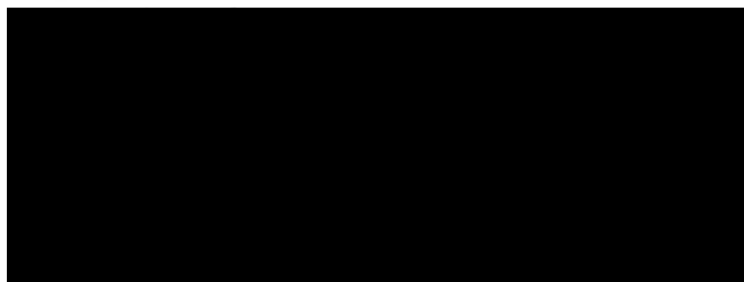
**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 12 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 Group Financial Statements.

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



20 August 2026

**MELVILLE HOUSING ASSOCIATION LIMITED**

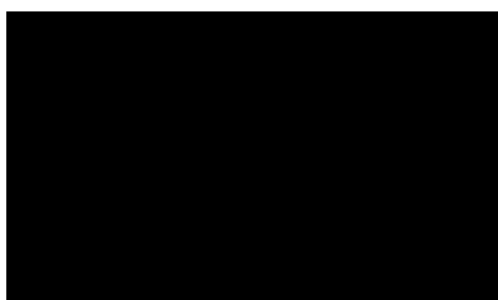
**CONSOLIDATED and ASSOCIATION STATEMENTS of COMPREHENSIVE INCOME**

**Year ended 31 March 2026**

|                                                                                                             | Note | Group<br>2026<br>£'000 | 2025<br>£'000 | Association<br>2026<br>£'000 | 2025<br>£'000 |
|-------------------------------------------------------------------------------------------------------------|------|------------------------|---------------|------------------------------|---------------|
| <b>TURNOVER</b>                                                                                             | 3    | 11,485                 | 14,879        | 11,485                       | 14,879        |
| Operating costs – general                                                                                   | 3    | (8,073)                | (7,815)       | (8,073)                      | (7,815)       |
| <b>OPERATING SURPLUS</b>                                                                                    | 3    | 3,412                  | 7,064         | 3,412                        | 7,064         |
| Profit on disposal of fixed assets                                                                          |      | 83                     | -             | 83                           | -             |
| Interest receivable                                                                                         |      | 52                     | 95            | 52                           | 95            |
| Interest payable and financing costs                                                                        | 6    | (1,416)                | (1,737)       | (1,416)                      | (1,737)       |
| <b>OPERATING SURPLUS after profit on disposal<br/>of fixed assets and interest payable &amp; receivable</b> |      | 2,131                  | 5,422         | 2,131                        | 5,422         |
| Movement in fair value of financial instruments                                                             |      | 373                    | 657           | 373                          | 657           |
| Loss on revaluation of social housing                                                                       | 8    | -                      | -             | -                            | -             |
| <b>SURPLUS BEFORE TAX</b>                                                                                   |      | 2,504                  | 6,079         | 2,504                        | 6,079         |
| Taxation                                                                                                    | 7    | -                      | -             | -                            | -             |
| <b>SURPLUS FOR THE YEAR</b>                                                                                 |      | 2,504                  | 6,079         | 2,504                        | 6,079         |
| Actuarial gain/(loss) in respect of pension<br>schemes                                                      | 17   | (473)                  | (250)         | (473)                        | (250)         |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE<br/>YEAR</b>                                                          |      | 2,031                  | 5,829         | 2,031                        | 5,829         |

All results derive from continuing activities.

The financial statements were approved and authorised for issue by the Board on 12 August 2026.



**Chair**

**Vice Chair**

**Secretary**

The notes on pages 22 to 36 form part of these financial statements.

**MELVILLE HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED and ASSOCIATION STATEMENTS of CHANGES IN RESERVES**

**Year ended 31 March 2026**

|                                                   | <b>Share<br/>capital<br/>£'000</b> | <b>Revaluation<br/>reserve<br/>£'000</b> | <b>Revenue<br/>reserve<br/>£'000</b> | <b>Pension<br/>reserve<br/>£'000</b> | <b>Total<br/>reserves<br/>£'000</b> | <b>Restricted<br/>funds<br/>£'000</b> | <b>Unrestricted<br/>funds<br/>£'000</b> |
|---------------------------------------------------|------------------------------------|------------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|-----------------------------------------|
| Balance at 1 April 2025                           | -                                  | -                                        | 68,255                               | -                                    | 68,255                              | -                                     | 68,255                                  |
| Surplus/(loss) for the year                       | -                                  | -                                        | 2,504                                | (473)                                | 2,031                               | -                                     | 2,031                                   |
| Transfer from pensions reserve to revenue reserve | -                                  | -                                        | (473)                                | 473                                  | -                                   | -                                     | -                                       |
| <b>Balance at 31 March 2026</b>                   | -                                  | -                                        | 70,286                               | -                                    | 70,286                              | -                                     | 70,286                                  |

The notes on pages 22 to 36 form part of these financial statements.

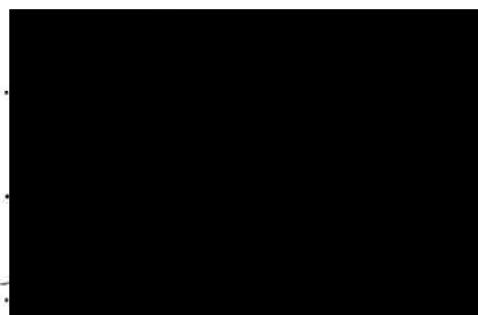
**MELVILLE HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED and ASSOCIATION STATEMENTS of FINANCIAL POSITION**

at 31 March 2026

|                                                                |             | <b>Group</b>   |               | <b>Association</b> |               |
|----------------------------------------------------------------|-------------|----------------|---------------|--------------------|---------------|
|                                                                | <b>Note</b> | <b>2026</b>    | <b>2025</b>   | <b>2026</b>        | <b>2025</b>   |
|                                                                |             | <b>£'000</b>   | <b>£'000</b>  | <b>£'000</b>       | <b>£'000</b>  |
| <b>FIXED ASSETS</b>                                            |             |                |               |                    |               |
| Social housing properties                                      | <b>8</b>    | 94,662         | 94,288        | 94,662             | 94,288        |
| Other tangible fixed assets                                    | <b>8</b>    | 3,365          | 3,453         | 3,365              | 3,453         |
|                                                                |             | <u>98,027</u>  | <u>97,741</u> | <u>98,027</u>      | <u>97,741</u> |
| <b>CURRENT ASSETS</b>                                          |             |                |               |                    |               |
| Trade and other debtors                                        | <b>10</b>   | 374            | 330           | 379                | 335           |
| Cash and cash equivalents                                      |             | 4,142          | 3,684         | 4,137              | 3,679         |
|                                                                |             | <u>4,516</u>   | <u>4,014</u>  | <u>4,516</u>       | <u>4,014</u>  |
| <b>CREDITORS: Amounts falling due within one year</b>          | <b>11</b>   | (5,869)        | (3,922)       | (5,869)            | (3,922)       |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>                        |             | <u>(1,353)</u> | <u>92</u>     | <u>(1,353)</u>     | <u>92</u>     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |             | 96,674         | 97,833        | 96,674             | 97,833        |
| <b>CREDITORS: Amounts falling due after more than one year</b> | <b>12</b>   | (26,388)       | (29,578)      | (26,388)           | (29,578)      |
| <b>PROVISIONS FOR LIABILITIES</b>                              |             |                |               |                    |               |
| Pension liability                                              | <b>17</b>   | -              | -             | -                  | -             |
| <b>NET ASSETS</b>                                              |             | <u>70,286</u>  | <u>68,255</u> | <u>70,286</u>      | <u>68,255</u> |
| <b>CAPITAL AND RESERVES</b>                                    |             |                |               |                    |               |
| Share capital                                                  | <b>13</b>   | -              | -             | -                  | -             |
| Revenue reserve                                                |             | 70,286         | 68,255        | 70,286             | 68,255        |
| Restricted reserve                                             |             | -              | -             | -                  | -             |
| Pension reserve                                                |             | -              | -             | -                  | -             |
|                                                                |             | <u>70,286</u>  | <u>68,255</u> | <u>70,286</u>      | <u>68,255</u> |

The financial statements were approved and authorised for issue by the Board on 12 August 2026.



**Chair**

**Vice Chair**

**Secretary**

The notes on pages 22 to 36 form part of these financial statements.

**MELVILLE HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED STATEMENT of CASH FLOWS**

**Year ended 31 March 2026**

|                                                    |      | Group         |               | Association   |               |
|----------------------------------------------------|------|---------------|---------------|---------------|---------------|
|                                                    | Note | 2026<br>£'000 | 2025<br>£'000 | 2026<br>£'000 | 2025<br>£'000 |
| Net cash inflow from operating activities          | i    | 5,677         | 4,499         | 5,677         | 4,499         |
| Cash flow from investing activities                |      |               |               |               |               |
| Purchase of tangible fixed assets                  |      | (2,365)       | (4,044)       | (2,365)       | (4,044)       |
| Proceeds from sale of tangible fixed assets        |      | (51)          | -             | (51)          | -             |
| Grants received                                    |      | 830           | -             | 830           | -             |
| Interest received                                  |      | 52            | 95            | 52            | 95            |
|                                                    |      | (1,534)       | (3,949)       | (1,534)       | (3,949)       |
| Cash flow from financing activities                |      |               |               |               |               |
| Interest paid                                      |      | (1,729)       | (1,920)       | (1,729)       | (1,920)       |
| Loan draw down                                     |      | -             | -             | -             | -             |
| Repayments of borrowings                           |      | (1,956)       | (1,956)       | (1,956)       | (1,956)       |
|                                                    |      | (3,685)       | (3,876)       | (3,685)       | (3,876)       |
| Net change in cash and cash equivalents            |      | 458           | (3,326)       | 458           | (3,326)       |
| Cash and cash equivalents at beginning of the year |      | 3,684         | 7,010         | 3,679         | 7,005         |
| Cash and cash equivalents at end of the year       |      | 4,142         | 3,684         | 4,137         | 3,679         |
| Components of cash and cash equivalents            |      |               |               |               |               |
| Cash at bank and in hand                           |      | 350           | 165           | 345           | 160           |
| Short term deposits                                |      | 3,792         | 3,519         | 3,792         | 3,519         |
|                                                    |      | 4,142         | 3,684         | 4,137         | 3,679         |

The notes on page 21 form part of the statement of cash flows.

The notes on pages 22 to 36 form part of these financial statements.

**MELVILLE HOUSING ASSOCIATION LIMITED**

**NOTES to the STATEMENT of CASH FLOWS**

**Year ended 31 March 2026**

**i CASHFLOW FROM OPERATING ACTIVITIES**

|                                                           | <b>Group</b> |              | <b>Association</b> |              |
|-----------------------------------------------------------|--------------|--------------|--------------------|--------------|
|                                                           | <b>2026</b>  | <b>2025</b>  | <b>2026</b>        | <b>2025</b>  |
|                                                           | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>       | <b>£'000</b> |
| <b>Surplus for the year</b>                               | 2,504        | 6,079        | 2,504              | 6,079        |
| <b>Adjustments for non-cash items:</b>                    |              |              |                    |              |
| Depreciation for tangible fixed assets                    | 2,009        | 1,832        | 2,009              | 1,832        |
| (Increase)/decrease in trade and other debtors            | (44)         | (22)         | (44)               | (22)         |
| (Decrease)/increase in trade and other creditors          | 257          | (409)        | 257                | (409)        |
| Movement in fair value of financial instruments           | (373)        | (657)        | (373)              | (657)        |
| (Decrease)/increase in pension provision                  | (160)        | (70)         | (160)              | (70)         |
| Net interest cost on defined pension benefit              | (313)        | (180)        | (313)              | (180)        |
| Carrying amount of tangible fixed asset disposals         | 120          | 44           | 120                | 44           |
| Loss on revaluation of social housing                     | -            | -            | -                  | -            |
|                                                           | 1,496        | 538          | 1,496              | 538          |
| <b>Adjustments for investing or financing activities:</b> |              |              |                    |              |
| Government grants written back/(utilised) in the year     | -            | (3,943)      | -                  | (3,943)      |
| Interest payable                                          | 1,729        | 1,920        | 1,729              | 1,920        |
| Interest received                                         | (52)         | (95)         | (52)               | (95)         |
|                                                           | 1,677        | (2,118)      | 1,677              | (2,118)      |
| <b>Net cash generated from operating activities</b>       | 5,677        | 4,499        | 5,677              | 4,499        |

**ANALYSIS OF CHANGES IN NET DEBT**

| <b>Group</b>              | <b>2025</b>  | <b>Cash flows</b> | <b>Non-cash changes</b> | <b>2026</b>  |
|---------------------------|--------------|-------------------|-------------------------|--------------|
|                           | <b>£'000</b> | <b>£'000</b>      | <b>£'000</b>            | <b>£'000</b> |
| Long-term borrowings      | 28,268       | -                 | (1,967)                 | 26,301       |
| Short-term borrowings     | 1,967        | (1,967)           | 2,167                   | 2,167        |
| Total liabilities         | 30,235       | (1,967)           | 200                     | 28,468       |
| Cash and cash equivalents | (3,684)      | (458)             | -                       | (4,142)      |
| Total net debt            | 26,551       | (2,425)           | 200                     | 24,326       |
| <b>Association</b>        | <b>2025</b>  | <b>Cash flows</b> | <b>Non-cash changes</b> | <b>2026</b>  |
|                           | <b>£'000</b> | <b>£'000</b>      | <b>£'000</b>            | <b>£'000</b> |
| Long-term borrowings      | 28,268       | -                 | (1,967)                 | 26,301       |
| Short-term borrowings     | 1,967        | (1,967)           | 2,167                   | 2,167        |
| Total liabilities         | 30,235       | (1,967)           | 200                     | 28,468       |
| Cash and cash equivalents | (3,679)      | (458)             | -                       | (4,137)      |
| Total net debt            | 26,556       | (2,425)           | 200                     | 24,331       |

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS

Year ended 31 March 2026

### 1 General Information

Melville Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is a social landlord registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity is the provision and management of affordable rented accommodation. The registered office is The Corn Exchange, 200 High Street, Dalkeith, EH22 1AZ. The Association is a Public Benefit Entity.

### 2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### a) Accounting basis

The financial statements of the group and Association are prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018 and the Determination of Accounting Requirements – 2024. The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value. There were no material departures from that standard.

#### b) Group financial statements - basis of preparation

The group financial statements consolidate the financial statements of Melville Housing Association Limited and its subsidiary, Ironmills Developments Limited, for the year ended 31 March 2026. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

#### c) Going concern

The financial statements have been prepared on a going concern basis. The Board has assessed the Association's ability to continue as a going concern and has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### d) Turnover

Turnover, which is stated net of value added tax, represents rental and service charge income receivable, fees receivable and grants receivable from the Scottish Government, local authorities and other agencies.

#### e) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs relating to the share of property sold are removed from the financial statements at the date of sale.

#### f) Fixed Assets

Social housing stock and Mid-Market Rent properties are held at valuation and are assessed annually by the Association, and formally valued by an external valuer every three years in line with the conditions of the Association's loan arrangements. Any material movements are adjusted through the statement of comprehensive income as appropriate.

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

### 1 General Information (continued)

#### f) Fixed Assets (continued)

Housing properties under construction are reclassified as housing properties held for letting when available for let.

Social Housing stock improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancements can occur if the improvements result in:-

- an increase in rental income; or
- a reduction in future maintenance costs; or
- a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the statement of comprehensive income.

Other fixed assets are initially stated at cost.

#### g) Depreciation

Housing properties under construction are stated at cost and are not depreciated.

Freehold land is not depreciated.

Freehold housing properties are depreciated by component on a straight-line basis over the estimated useful economic lives of component categories.

Useful economic lives for identified components are as follows:

| Component                   | Useful economic life |
|-----------------------------|----------------------|
| Structure                   | 80 -100 years        |
| Windows and external doors  | 30 years             |
| Kitchens                    | 15 years             |
| Bathrooms                   | 25 years             |
| Central heating and boilers | 20 years             |

Impairment reviews are carried out where there is considered to be an indicator of impairment, in accordance with Financial Reporting Standard 102.

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets is recognised in the statement of comprehensive income.

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

### 2 Accounting Policies (continued)

#### g) Depreciation (continued)

Depreciation is provided on all non-housing tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

|                                         |                      |
|-----------------------------------------|----------------------|
| Office buildings                        | - over 100 years     |
| Office Ventilation System               | - over 10 years      |
| Office fixtures, fittings and equipment | - over 3 to 10 years |

Additions to non-housing fixed assets with a value less than £500 are expensed.

Where heritable properties are acquired and developed, no depreciation is charged until development is complete.

#### h) Housing Association Grants and other Grants

Housing Association Grants (HAG) are made by the Scottish Government, and are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net rental income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the Scottish Government. The total amount of HAG Melville has received to date is stated in Note 22.

Where HAG received contributes to the capital cost of housing property, which is held at valuation, it is recognised as income in the statement of comprehensive income when new build properties are completed or the capital work is carried out. HAG receivable is held as deferred income on the statement of financial position until performance conditions are satisfied.

Grant funding received in respect of revenue expenditure is recognised as income in the period it relates to.

HAG and other grants are repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale. Any grant that is repayable is accounted for as a liability on disposal of the property. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the HAG, the potential future obligation to repay is disclosed as a contingent liability.

#### i) Pensions

The Association participates in a defined benefit, final salary scheme operated by the Lothian Pension Fund. Contributions are charged to the statement of comprehensive income to spread the cost of pensions over the employees' working lives within the Association.

#### j) Pension Reserve

This reserve is based on the Association's liability with regard to the defined benefits, final salary pension scheme. In line with FRS 102, where applicable, the deficit is disclosed on the face of the statement of financial position.

#### k) Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income as they are incurred.

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

### 2 Accounting Policies (continued)

#### l) Financial Instruments

Loan finance provided to the Association are for the purposes of FRS102 defined as basic financial instruments and measured at amortised cost. The Association has entered into variable to fixed interest rate swap contracts in respect of these loans to manage its exposure to interest rate cash flow risk on its variable debt. These derivatives are measured at fair value at each reporting date. Changes in the fair value of the derivatives are recognised in the statement of comprehensive income.

#### m) Significant accounting judgements and estimates

Preparation of the financial statements requires significant judgements and estimates to be made at times. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required, or as appropriate to other factors. The following are the areas in which significant accounting judgements and estimates are considered to exist:

- (i) Valuation of property, plant and equipment (fixed assets)
- (ii) Useful lives of property, plant and equipment (fixed assets)
- (iii) The main components of housing properties and their useful lives
- (iv) Recoverable amount of rental and other trade receivables (debtors)
- (v) The obligations under the Association's defined benefit pension scheme
- (vi) The measurement of the recoverable amount of assets for impairment reviews and the calculation of depreciated replacement cost
- (vii) Valuation of the Association's interest rate swaps

### 3 Particulars of turnover, operating surplus and net surplus by class of business.

|                                        | GROUP             |                             |                                       |                                       | ASSOCIATION       |                             |                                       |                                       |
|----------------------------------------|-------------------|-----------------------------|---------------------------------------|---------------------------------------|-------------------|-----------------------------|---------------------------------------|---------------------------------------|
|                                        | Turnover<br>£'000 | Operating<br>Costs<br>£'000 | Operating<br>Surplus<br>2026<br>£'000 | Operating<br>Surplus<br>2025<br>£'000 | Turnover<br>£'000 | Operating<br>Costs<br>£'000 | Operating<br>Surplus<br>2026<br>£'000 | Operating<br>Surplus<br>2025<br>£'000 |
| Affordable letting activities (Note 4) | 11,388            | (7,994)                     | 3,394                                 | 7,046                                 | 11,388            | (7,994)                     | 3,394                                 | 7,046                                 |
| Other activities (Note 5)              | 97                | (79)                        | 18                                    | 18                                    | 97                | (79)                        | 18                                    | 18                                    |
| Total                                  | 11,485            | (8,073)                     | 3,412                                 | 7,064                                 | 11,485            | (8,073)                     | 3,412                                 | 7,064                                 |
| Total for previous reporting period    | 14,879            | (7,815)                     | 7,064                                 |                                       | 14,879            | (7,815)                     | 7,064                                 |                                       |

**MELVILLE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2026**

**4. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities – Association**

|                                                                                      | <b>2026<br/>£'000</b> | <b>2025<br/>£'000</b> |
|--------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Rent receivable net of service charges                                               | 11,256                | 10,677                |
| Service charges                                                                      | 83                    | 79                    |
| Gross income from rents and service charges                                          | 11,339                | 10,756                |
| Less voids                                                                           | (24)                  | (27)                  |
| Net income from rents and service charges                                            | 11,315                | 10,729                |
| Grants released from deferred income (see note 11)                                   | -                     | 3,943                 |
| Revenue grants from Scottish Ministers                                               | 26                    | 46                    |
| Other revenue grants                                                                 | 47                    | 36                    |
| Total turnover from affordable letting activities                                    | 11,388                | 14,754                |
| Management and maintenance administration costs before increase in pension provision | 3,191                 | 3,078                 |
| Decrease in pension provision                                                        | (160)                 | (70)                  |
| Management and maintenance administration costs after increase in pension provision  | 2,948                 | 3,008                 |
| Planned and cyclical maintenance including major repairs costs                       | 1,049                 | 1,098                 |
| Reactive maintenance costs                                                           | 1,886                 | 1,757                 |
|                                                                                      | 2,935                 | 2,855                 |
| Service costs                                                                        | 83                    | 69                    |
| Bad debts – rents and service charges                                                | 31                    | 5                     |
| Depreciation of social housing                                                       | 1,914                 | 1,771                 |
| Operating costs for affordable letting activities                                    | 7,994                 | 7,708                 |
| Operating surplus for affordable letting activities                                  | 3,394                 | 7,046                 |

All income is derived from General Needs housing provision.

MELVILLE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

5. Particulars of Turnover, operating costs and operating surplus or deficit from other activities – Association

|                                                                      | Grants from Scottish Ministers<br>£'000 | Other Revenue Grants<br>£'000 | Other income<br>£'000 | Total Turnover<br>£'000 | Operating costs – bad debts<br>£'000 | Other Operating costs<br>£'000 | Operating surplus or (deficit) 2026<br>£'000 |
|----------------------------------------------------------------------|-----------------------------------------|-------------------------------|-----------------------|-------------------------|--------------------------------------|--------------------------------|----------------------------------------------|
| Other activities                                                     | -                                       | -                             | 97                    | 97                      | -                                    | 79                             | 18                                           |
| <b>Total from other activities for the current reporting period</b>  | <b>-</b>                                | <b>-</b>                      | <b>97</b>             | <b>97</b>               | <b>-</b>                             | <b>79</b>                      | <b>18</b>                                    |
| <b>Total from other activities for the previous reporting period</b> | <b>-</b>                                | <b>-</b>                      | <b>125</b>            | <b>125</b>              | <b>-</b>                             | <b>107</b>                     | <b>18</b>                                    |

Particulars of Turnover, operating costs and operating surplus or deficit from other activities – Group

|                                                                      | Grants from Scottish Ministers<br>£'000 | Other Revenue Grants<br>£'000 | Other income<br>£'000 | Total Turnover<br>£'000 | Operating costs – bad debts<br>£'000 | Other Operating costs<br>£'000 | Operating surplus or (deficit) 2026<br>£'000 |
|----------------------------------------------------------------------|-----------------------------------------|-------------------------------|-----------------------|-------------------------|--------------------------------------|--------------------------------|----------------------------------------------|
| Other activities                                                     | -                                       | -                             | 97                    | 97                      | -                                    | 79                             | 18                                           |
| <b>Total from other activities for the current reporting period</b>  | <b>-</b>                                | <b>-</b>                      | <b>97</b>             | <b>97</b>               | <b>-</b>                             | <b>79</b>                      | <b>18</b>                                    |
| <b>Total from other activities for the previous reporting period</b> | <b>-</b>                                | <b>-</b>                      | <b>125</b>            | <b>125</b>              | <b>-</b>                             | <b>107</b>                     | <b>18</b>                                    |

**Association** – Other income of £78k was generated from a management and lease agreement with Ironmills Development Ltd. A gift aided donation of £4.8k was also received from Ironmills. Further trading income of £13k was generated from the lease of commercial office space to a third party.

**Group** – Other income of £83k was generated from the rental of 11 mid market rent units managed by Ironmills. Further trading income of £13k was generated from the lease of commercial office space to a third party.

**MELVILLE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2026**

**6 Interest Payable and Similar Charges**

|                                                                               | <b>Group</b> |              | <b>Association</b> |              |
|-------------------------------------------------------------------------------|--------------|--------------|--------------------|--------------|
|                                                                               | <b>2026</b>  | <b>2025</b>  | <b>2026</b>        | <b>2025</b>  |
|                                                                               | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>       | <b>£'000</b> |
| On loans partly repayable after five years                                    | 1,729        | 1,917        | 1,729              | 1,917        |
| Net interest costs in respect of defined benefit pension scheme (see note 17) | (313)        | (180)        | (313)              | (180)        |
|                                                                               | <u>1,416</u> | <u>1,737</u> | <u>1,416</u>       | <u>1,737</u> |

**7 Taxation on Surplus for the Year**

Melville Housing Association's charitable activities fall within the exemptions afforded by the Corporation Tax Act 2010. Accordingly, there is no Corporation Tax charge in these financial statements.

The Group is subject to tax in respect of Ironmills Developments Limited and a charge of £nil has arisen in respect of the period to 31 March 2026.

**8 Tangible Fixed Assets – Association and Group**

|                        | <b>Housing Properties Held for Letting £'000</b> | <b>Development Programme £'000</b> | <b>Total Housing Properties £'000</b> | <b>Office Buildings £'000</b> | <b>Office Fixtures Fittings &amp; Equipment £'000</b> | <b>Total £'000</b> |
|------------------------|--------------------------------------------------|------------------------------------|---------------------------------------|-------------------------------|-------------------------------------------------------|--------------------|
| <b>Cost/valuation</b>  |                                                  |                                    |                                       |                               |                                                       |                    |
| At 1 April 2025        | 95,268                                           | 744                                | 96,012                                | 3,839                         | 858                                                   | 100,709            |
| Additions              | 1,473                                            | 885                                | 2,358                                 | -                             | 6                                                     | 2,364              |
| Transfers              | -                                                | -                                  | -                                     | -                             | -                                                     | -                  |
| Disposals              | (132)                                            | -                                  | (132)                                 | -                             | -                                                     | (132)              |
| Loss on revaluation    | -                                                | -                                  | -                                     | -                             | -                                                     | -                  |
| At 31 March 2026       | <u>96,609</u>                                    | <u>1,629</u>                       | <u>98,238</u>                         | <u>3,839</u>                  | <u>864</u>                                            | <u>102,941</u>     |
| <b>Depreciation</b>    |                                                  |                                    |                                       |                               |                                                       |                    |
| At 1 April 2025        | 1,724                                            | -                                  | 1,724                                 | 506                           | 738                                                   | 2,968              |
| Provided in year       | 1,915                                            | -                                  | 1,915                                 | 54                            | 40                                                    | 2,009              |
| Disposals              | (63)                                             | -                                  | (63)                                  | -                             | -                                                     | (63)               |
| Revaluation adjustment | -                                                | -                                  | -                                     | -                             | -                                                     | -                  |
| At 31 March 2026       | <u>3,576</u>                                     | <u>-</u>                           | <u>3,576</u>                          | <u>560</u>                    | <u>778</u>                                            | <u>4,914</u>       |
| <b>Net book value</b>  |                                                  |                                    |                                       |                               |                                                       |                    |
| At 31 March 2026       | <u>93,033</u>                                    | <u>1,629</u>                       | <u>94,662</u>                         | <u>3,279</u>                  | <u>86</u>                                             | <u>98,027</u>      |
| At 31 March 2025       | <u>93,544</u>                                    | <u>744</u>                         | <u>94,288</u>                         | <u>3,333</u>                  | <u>120</u>                                            | <u>97,741</u>      |

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

### 8 Tangible Fixed Assets – Association and Group (continued)

Included within housing properties held for letting are 11 mid market rent units which were valued at 31 March 2026 at £880k (2025: £880k).

None of the Association's land or buildings is held under a lease.

All Housing properties held for letting as at the 31 March 2026 (except for those developed since 1 April 2024) were valued by an external valuer as at 31 March 2024 in accordance with our Accounting Policies (see note 1f).

The valuation was carried out by Jones Lang LaSalle (JLL), on the basis of Existing Use Value for Social Housing (EUV-SH) as defined in the RICS Valuation Standards. In determining this valuation, the valuers made use of discounted cash flow methodology and key assumptions regarding the level of future rental growth and the discount rate. For the 2024 valuation the assumed real discount rate was between 5.75% and 7.0% across all stock. The next full stock valuation is planned to be carried out in 2027.

The historic cost for all housing stock properties at 31 March 2026 was £125,739,410 (2025: £124,384,221).

Historic Scotland holds a standard security over a historic building carried at a value of £3,278,000 (2025: £3,334,000) within office buildings in respect of their grant funding.

| Works to existing properties during the year comprised of the following: | 2026<br>£'000 | 2025<br>£'000 |
|--------------------------------------------------------------------------|---------------|---------------|
| <b>Charged to income and expenditure</b> (Note 4)                        | 2,935         | 2,855         |
| <b>Capitalised - Replacement of components and improvements</b>          | 1,473         | 1,783         |
| <b>Total</b>                                                             | 4,408         | 4,638         |

### 9 Investments

The Association owns one share in Ironmills Developments Limited at a cost of £1 (2025: £1).

**MELVILLE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2026**

**10 Debtors**

|                                | <b>Group</b> |              | <b>Association</b> |              |
|--------------------------------|--------------|--------------|--------------------|--------------|
|                                | <b>2026</b>  | <b>2025</b>  | <b>2026</b>        | <b>2025</b>  |
|                                | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>       | <b>£'000</b> |
| Gross rental debtors           | 258          | 237          | 258                | 237          |
| Less bad debt provision        | (153)        | (132)        | (153)              | (132)        |
|                                | 105          | 105          | 105                | 105          |
| Due from subsidiary company    | -            | -            | 5                  | 5            |
| Other debtors                  | 186          | 193          | 185                | 193          |
| Less bad debt provision        | (64)         | (78)         | (64)               | (78)         |
| Prepayments and accrued income | 147          | 110          | 147                | 110          |
|                                | <b>374</b>   | <b>330</b>   | <b>379</b>         | <b>335</b>   |

**11 Creditors: Amounts falling due within one year**

|                                       | <b>Group</b> |              | <b>Association</b> |              |
|---------------------------------------|--------------|--------------|--------------------|--------------|
|                                       | <b>2026</b>  | <b>2025</b>  | <b>2026</b>        | <b>2025</b>  |
|                                       | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>       | <b>£'000</b> |
| Trade creditors                       | 477          | 190          | 477                | 190          |
| Other taxes and social security costs | 44           | 39           | 44                 | 39           |
| Loans payable within one year         | 2,827        | 1,967        | 2,827              | 1,967        |
| Accruals                              | 802          | 865          | 802                | 865          |
| Deferred income                       | 1,295        | 465          | 1,295              | 465          |
| Rents in advance                      | 424          | 396          | 424                | 396          |
|                                       | <b>5,869</b> | <b>3,922</b> | <b>5,869</b>       | <b>3,922</b> |

|                                                                                                        | <b>HAG</b>   |              |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                        | <b>2026</b>  | <b>2025</b>  |
|                                                                                                        | <b>£'000</b> | <b>£'000</b> |
| <b>Deferred income – Group and Association</b>                                                         |              |              |
| Deferred income at 1 April 2025                                                                        | 465          | 4,408        |
| Additional income received                                                                             | 830          | -            |
| Released to statement of comprehensive income                                                          | -            | (3,943)      |
| Deferred income at 31 March 2026                                                                       | <b>1,295</b> | <b>465</b>   |
| <b>Deferred income to be released to the statement of comprehensive income – Group and Association</b> | <b>2026</b>  | <b>2025</b>  |
|                                                                                                        | <b>£'000</b> | <b>£'000</b> |
| In less than one year                                                                                  | 1,295        | 465          |
| In more than one year                                                                                  | -            | -            |
|                                                                                                        | <b>1,295</b> | <b>465</b>   |

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

**12 Creditors:** Amounts falling due after more than one year, excluding pensions liability

| Group and Association                                         | 2026<br>£'000 | 2025<br>£'000 |
|---------------------------------------------------------------|---------------|---------------|
| Housing property loans not wholly repayable within five years | 25,430        | 28,257        |
| Housing property loans are repayable in instalments:          |               |               |
| Between one year and two years                                | 2,148         | 2,165         |
| Between two years and five years                              | 8,968         | 9,414         |
| After five years                                              | 14,314        | 16,678        |
|                                                               | 25,430        | 28,257        |
| Less unamortised loan issue expenses                          | (72)          | (82)          |
|                                                               | 25,358        | 28,175        |
| Deferred income (note 11)                                     | -             | -             |
| Derivative financial instruments (note 21)                    | 1,030         | 1,403         |
|                                                               | 26,388        | 29,578        |

Housing property loans are secured with RBS plc by a standard security over the Association's property. The loans are repayable by annual instalments which commenced on 6 January 2013 on £3.83m, on 31 August 2016 on £7m, on 15 October 2023 on £16.6m and will commence on 15 October 2026 on £3m. Interest is currently charged quarterly on variable rate loans at SONIA plus mandatory costs and margins with a range between 0.25% and 2%.

Interest rate swap contracts have been entered into as follows:

- £10m is fixed at 6.67% until 2037.
- £4m is fixed at 4.86% until 2037.
- £3m is fixed at 4.83% commencing July 2011 until 2036
- £2.6m is fixed at 4.89% commencing July 2011 until 2036
- £3.5m fixed at 3.475% commencing April 2014 until 2039.

Included in creditors are non interest bearing loans of £168k which were received from the Energy Savings Trust to fund external wall insulation (EWI) and heating replacement programmes in Easthouses and Penicuik. These loans are repayable in equal monthly instalments over 10 years. We have estimated that the fair value of these loans is £160k (2025: £278k).

## 13 Share Capital

|                   | Association |           |
|-------------------|-------------|-----------|
|                   | 2026<br>£   | 2025<br>£ |
| Shares of £1 each |             |           |
| At 1 April 2025   | 46          | 49        |
| Issued in year    | 2           | 1         |
| Cancelled in year | (2)         | (4)       |
| At 31 March 2026  | 46          | 46        |

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on 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. Each member has a right to vote at members' meetings.

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

### 14 Unit Numbers

|                   | Association  |              |
|-------------------|--------------|--------------|
|                   | 2026<br>No.  | 2025<br>No.  |
| General Needs     | 2,122        | 2,124        |
| Leased Properties | 9            | 9            |
| Mid-market rent   | 11           | 11           |
|                   | <u>2,142</u> | <u>2,144</u> |

### 15 Employees

|                         | 2026<br>£'000 | 2025<br>£'000 |
|-------------------------|---------------|---------------|
| Staff costs during year |               |               |
| Wages and salaries      | 1,586         | 1,484         |
| Social security costs   | 210           | 163           |
| Other pension costs     | 361           | 338           |
|                         | <u>2,157</u>  | <u>1,985</u>  |

|                                                                              | No.       | No.       |
|------------------------------------------------------------------------------|-----------|-----------|
| The average number of staff employed by the Association during the year were | <u>34</u> | <u>33</u> |

|                                                                                                     | No.       | No.       |
|-----------------------------------------------------------------------------------------------------|-----------|-----------|
| The average full time equivalent number of persons employed by the Association during the year were | <u>31</u> | <u>31</u> |

Key management personnel are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments, excluding pension contributions, exceed £60,000 per year and who have authority and responsibility for directing and controlling the activities of the Association. Details are as follows:

|                                                                                            | 2026<br>£      | 2025<br>£      |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| Aggregate emoluments, excluding pension contributions, payable to key management personnel | 348,561        | 311,312        |
| Pension contributions payable to key management personnel                                  | <u>83,147</u>  | <u>73,205</u>  |
| Total emoluments                                                                           | <u>431,708</u> | <u>384,517</u> |

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

|                       | 2026<br>No. | 2025<br>No. |
|-----------------------|-------------|-------------|
| £130,000 to £140,000* | 1           | -           |
| £120,000 to £130,000* | -           | 1           |
| £110,000 to £120,000* | -           | -           |
| £100,000 to £110,000* | 2           | -           |
| £90,000 to £100,000*  | 1           | 1           |
| £80,000 to £90,000*   | -           | 1           |
| £70,000 to £80,000*   | -           | 1           |

\* The bands presented include pension contributions

**MELVILLE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****Year ended 31 March 2026****15 Employees (continued)**

The emoluments of the Chief Executive were as follows:

|                                                       | <b>2026</b><br>£ | <b>2025</b><br>£ |
|-------------------------------------------------------|------------------|------------------|
| Aggregate emoluments, excluding pension contributions | 108,567          | 103,832          |
| Pension contributions                                 | 25,592           | 24,585           |
| Total emoluments                                      | <u>134,159</u>   | <u>128,417</u>   |

The Chief Executive is an ordinary member of the Association's pension scheme described in note 17. No enhanced or special terms apply to his membership and he has no other pension arrangements to which the Association contributes.

|                                                                       | <b>2026</b><br>£ | <b>2025</b><br>£ |
|-----------------------------------------------------------------------|------------------|------------------|
| Total expenses reimbursed insofar as not chargeable to UK Income Tax: |                  |                  |
| Chief Executive                                                       | 285              | 97               |
| Board                                                                 | 470              | <u>1,396</u>     |

No member of the Board received any emoluments in respect of their services to the Association.

**16 Auditor's Remuneration**

|                                                                                            | <b>2026</b><br>£ | <b>2025</b><br>£ |
|--------------------------------------------------------------------------------------------|------------------|------------------|
| The remuneration of the auditors (including expenses and VAT for the year) was as follows: |                  |                  |
| Audit services                                                                             | 17,580           | 16,764           |
| Non-audit services                                                                         | 3,060            | 550              |
|                                                                                            | <u>20,640</u>    | <u>17,314</u>    |

**17 Pension Obligations**

The company's employees belong to one pension scheme, the Lothian Pension Fund (LPF) which provides benefits based on final pensionable salary.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the Board on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102 as at the end of March.

The performance of the scheme has been reported under FRS 102 as amended, based on the latest available report dated 5 June 2026.

Principal actuarial assumptions at the balance sheet date:

|                               | <b>2026</b><br>% p.a. | <b>2025</b><br>% p.a. | <b>2024</b><br>% p.a. |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Discount rate                 | 6.30                  | 5.80                  | 4.85                  |
| Future salary increases       | 3.70                  | 3.45                  | 3.45                  |
| Future pension increases      | 3.00                  | 2.75                  | 2.75                  |
| The expected return on assets | 6.31                  | 5.82                  | 4.86                  |

# MELVILLE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2026

### 17 Pension Obligations (continued)

The total pension charge for the year was £360,557. At 31 March 2026, £33,348 was due to be paid over to the pension scheme (2025: £35,873). The agreed employer contribution rate from 1 April 2026 is 23.7% (2025 23.7%).

#### Changes in the fair value of plan assets, defined benefit obligation and net liability

|                                                                        |                 |                      | Year ended<br>31 March<br>2026 | Year ended<br>31 March<br>2025 |
|------------------------------------------------------------------------|-----------------|----------------------|--------------------------------|--------------------------------|
|                                                                        | Assets<br>£'000 | Obligations<br>£'000 | Net liability<br>£'000         | Net liability<br>£'000         |
| Fair value of employer assets                                          | 8,551           | -                    | 8,551                          | 9,728                          |
| Present value of funded liabilities                                    | -               | 8,551                | (8,551)                        | (9,728)                        |
| <b>Opening Position as at 31 March 2025</b>                            | <b>8,551</b>    | <b>8,551</b>         | <b>-</b>                       | <b>-</b>                       |
| Service cost                                                           |                 |                      |                                |                                |
| Current service cost                                                   | -               | 201                  | (201)                          | (268)                          |
| Past service cost (including curtailments)                             | -               | -                    | -                              | -                              |
| <b>Total Service Cost</b>                                              |                 | <b>201</b>           | <b>(201)</b>                   | <b>(268)</b>                   |
| Net Interest                                                           |                 |                      |                                |                                |
| Interest income on plan assets                                         | 808             | -                    | 808                            | 652                            |
| Interest cost on defined benefit obligation                            | -               | 495                  | (495)                          | (472)                          |
| <b>Total net interest</b>                                              | <b>808</b>      | <b>495</b>           | <b>313</b>                     | <b>180</b>                     |
| <b>Total defined benefit cost recognised in income and expenditure</b> | <b>808</b>      | <b>696</b>           | <b>112</b>                     | <b>(88)</b>                    |
| Cash flows                                                             |                 |                      |                                |                                |
| Plan participants contributions                                        | 105             | 105                  | -                              | -                              |
| Employer contributions                                                 | 361             | -                    | 361                            | 338                            |
| Benefits paid                                                          | (331)           | (331)                | -                              | -                              |
| <b>Expected closing position</b>                                       | <b>9,494</b>    | <b>9,021</b>         | <b>473</b>                     | <b>250</b>                     |
| Re-measurements (actuarial losses)                                     |                 |                      |                                |                                |
| Changes in demographic assumptions                                     | -               | 56                   | (56)                           | 16                             |
| Changes in financial assumptions                                       | -               | (361)                | 361                            | 1,560                          |
| Other experience                                                       | -               | 86                   | (86)                           | 97                             |
| Return on assets excluding amounts included in net interest            | 452             | -                    | 452                            | (280)                          |
| Adjustment for amounts not recognised in balance sheet                 | (1,144)         | -                    | (1,144)                        | (1,643)                        |
| <b>Total re-measurements recognised in Other Comprehensive Income</b>  | <b>(692)</b>    | <b>(219)</b>         | <b>(473)</b>                   | <b>(250)</b>                   |
| <b>Fair value of plan assets</b>                                       | <b>8,802</b>    | <b>-</b>             | <b>8,802</b>                   | <b>8,551</b>                   |
| <b>Present value of funded liabilities</b>                             | <b>-</b>        | <b>8,802</b>         | <b>(8,802)</b>                 | <b>(8,551)</b>                 |
| <b>Closing position as at 31 March 2026</b>                            | <b>8,802</b>    | <b>8,802</b>         | <b>-</b>                       | <b>-</b>                       |

**MELVILLE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****Year ended 31 March 2026****17 Pension Obligations (continued)****Changes in the fair value of plan assets, defined benefit obligation and net liability (continued)**

The group expects to contribute £386,000 to its defined benefit pension plans in 2026/27.

|                                                                                           | <b>2026</b> | <b>2025</b> |
|-------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                           | <b>%</b>    | <b>%</b>    |
| The major categories of plan assets as a percentage of stated plan assets are as follows: |             |             |
| Equities                                                                                  | 68          | 69          |
| Bonds                                                                                     | 18          | 19          |
| Property                                                                                  | 8           | 8           |
| Cash                                                                                      | 6           | 4           |

**18 Capital Commitments**

As at 31 March 2026, the Association had the following capital commitments:

|                                | <b>2026</b>  | <b>2025</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>£'000</b> | <b>£'000</b> |
| Contracted for less certified* | 5,981        | -            |

\* Funded by Housing Association Grants and loan finance.

**19 Other Financial Commitments**

At 31 March 2026, the Group and Association had total commitments under non-cancellable operating leases as detailed below:

|                          | <b>Operating leases</b> |              |
|--------------------------|-------------------------|--------------|
|                          | <b>2026</b>             | <b>2025</b>  |
|                          | <b>£'000</b>            | <b>£'000</b> |
| Leases expiring:         |                         |              |
| within 1 year            | 1                       | 3            |
| within two to five years | 1                       | 2            |

## **MELVILLE HOUSING ASSOCIATION LIMITED**

### **NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2026**

#### **20 Related Party Transactions and subsidiary company**

During the year, two members of the Board rented property from the Association on standard terms, as applicable to all tenants. The members are not able to use their position to their advantage. Income received during the year amounted to £5,859 (2025: £15,107). At the year end there were no amounts owing to Melville from these members.

A subsidiary company limited by shares, Ironmills Developments Limited, was incorporated on 17 October 2007, registered number: SC 332523.

During the year, the Association let 11 properties to Ironmills (lease charge of £51,343) to be rented out at Mid Market rents. The Association also charged Ironmills £26,503 in respect of management of these properties. At the year end there was £500 owing to Melville in relation to a rent deposit.

During the year, Ironmills agreed to gift aid surpluses of £4,829 (2025: £4,818) to the Association and this payment was outstanding as at 31 March 2026.

#### **21 Derivative financial instruments**

Derivative financial instruments comprise interest rate swaps which are measured at fair value as provided by the Association's lender RBS plc, and as set out in note 12.

#### **22 Contingent liabilities**

Housing Association Grants (HAG) received in respect of all properties owned at 31 March 2026 amounted to £46,455,000 (2025: £45,626,000). HAG remains legally repayable to the Scottish Government in certain circumstances.

Other grants attributable to office buildings comprise grant funding awarded by Historic Scotland and the Heritage Lottery Fund for the development of a historic building. Under the terms of the awards, amounts received may be repayable in certain circumstances such as the disposal of the building.