# Home Group Scotland

**Reports and Financial Statements**
**for the year ended 31 March 2026**

# Contents




**Registered Office and Head Office**

Home Group Scotland
Pavilion 6, 321 Springhill Parkway
Glasgow Business Park
Baillieston
Glasgow
G69 6GA



Co-operative and Community Benefit Societies Act 2014 No: SP1935RS
Scottish Housing Regulator Registered No: HAL90
Scottish Charity No: SC005247

Part of Home Group

# Chair's Report

It is with great pleasure that I introduce the financial statements for the year ended 31 March 2026, my last before stepping down as Chair after five years in the role.

I would like to thank all Home Group Scotland colleagues for their outstanding effort and support over the past year. Their commitment and contribution have helped us remain strong as an organisation during challenging economic times.

Home Group Scotland owns almost 5,000 homes across six local authority areas and provides factoring services to a further c. 700 homes.

In the year ended 31 March 2026, our turnover was £36.3 million, delivering a surplus before tax of £7.6 million. This is an increase of £2.1 million compared to the previous year.

During the year we have delivered savings in our day-to-day maintenance functions through effective management. This has enabled us to increase investment in our existing homes. We have also exceeded our targets for building new homes, while continuing to ensure affordable rents for our customers.

Whilst our costs have been effectively managed, we know that the cost-of-living crisis has continued to impact our customers. In response to this, we have continued to work hard to provide support to our customers. Our customers benefitted from food and fuel vouchers and white goods through The Home Group Fund. Our Financial Inclusion colleagues increased customers' income by over £1.2m over the course of the year. We also secured external funding support through Housing Associations' Charitable Trust (HACT) to provide further fuel vouchers for customers in need.

During 2025/26 we invested in our homes and improved our services. We let empty homes more quickly and got more repairs right first time. We significantly reduced our number of long-term empty homes through partnership working and took more formal action to address anti-social behaviour, keeping our communities safer. Customer satisfaction improved in almost all areas throughout this year.

We invested in our homes to make a difference to our customers' lives, ensuring we provide safe, warm, affordable homes which meet their needs. We completed our deep retrofit of two blocks in Dundee, benefitting from £0.5 million in external grant. We also completed a pilot fabric-first project to three blocks in Kelloholm in Dumfries and Galloway. These projects demonstrate our commitment to meeting net zero and reducing customers' fuel bills.

We have also completed a successful project to convert bedsit properties in Dundee to one-bedroom properties. This investment has ensured we make these properties attractive, sustainable homes for the future. This one-off investment is on top of our annual cyclical decoration and planned maintenance programmes. During 2025/26 we invested £4.4 million and installed new boilers, front doors and windows in over 500 properties.

We delivered 172 new homes across Glasgow, Edinburgh, Dundee and West Lothian - more than doubling last year's output. This included 10 family homes funded through the acquisitions funding stream announced by the Scottish Government in Autumn 2024. These were allocated directly to families living in unsuitable temporary accommodation in Glasgow.

We have strengthened our external partnerships throughout this year to deliver for our customers and communities. For example, we have supported a community housing project in Dumfries and Galloway; contributed to the new Housing Strategy in Dundee; helped shape Edinburgh's new allocations policy; developed a community garden in Dundee and worked with the police to tackle serious crime and anti-social behaviour in Glasgow.

All of the local authorities we operate in have declared a housing emergency and we continue to play a proactive role in tackling this by building new homes; allocating properties to homeless households; and ensuring our customers are supported to sustain their tenancies.

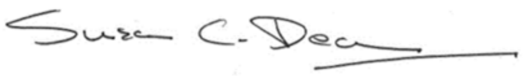
During 2025/26 we updated our Rules to streamline our governance and changed our name to Home Group Scotland (previously Home in Scotland Limited), ensuring we are clearly part of Home Group, but with a uniquely Scottish identity.

We have continued to play a lead role in influencing policy and practice within the social housing sector and beyond, including contributing to the development of Scottish Government legislation on rent controls and Awaab's Law. We have also contributed to research on Section 75 planning policy, the economic impact of housing associations and are participating in the Audit Scotland investigation on affordable housing supply.

We appointed two new Board Members during the year, bringing additional skills and knowledge to further strengthen our existing Board. We also completed an open recruitment process for the appointment of my successor as Chair of Home Group Scotland who will take up the role following our Annual General Meeting in September 2026.

Overall, we are proud of our performance this past year. Our colleagues have shown remarkable commitment and have lived our values to ensure we deliver for our customers and communities. As I prepare to stand down from my role as Chair, I say without question that it has been a privilege to have been involved with Home Group Scotland over these past five years.

I would like to thank my fellow Board members, past and present, for their contribution and support as well as all the colleagues I have worked with in both Home Group Scotland and the wider Home Group during this period. I am in no doubt the organisation will go from strength to strength in the period to come and will continue to make a significant contribution to the lives and wellbeing of the people and communities we serve.



Susan Deacon CBE
Chair
17 September 2026

# Report of the Board

## Board

E Asante

G Campbell

S Deacon CBE (Chair)

M Henderson, BSc (Hons) (until 6 September 2026)

R Inglis, BA (Hons) EDSud P

G MacKenzie, BA, CA

J McIntosh (appointed 22 May 2025)

H Meehan, ACA, BA (Hons)

A Wilmot (appointed 22 May 2025)

C Wood (Mappin), BSc (Hons), Dip Surv, MRTPI

J Wylie, MSc, BSc OT, ILM Level 7

## Company Secretary

A Woods

## Advisors

**Bankers:**

Barclays Bank Plc
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

**Independent Auditor:**

Deloitte LLP
One Trinity Gardens
Broad Chare
Newcastle upon Tyne
NE1 2HF

**Solicitors:**

T C Young
7 West George Street
Glasgow
G2 1B

The Board presents its report and the audited financial statements for the year ended 31 March 2026.

## Registration of the Association

Home Group Scotland (the Association) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 - registered number 1935R(S) - and with The Scottish Housing Regulator under the Housing (Scotland) Act 2010 - registered number HAL90. The Association's rules are based on the Scottish Federation of Housing Associations' Charitable Model Rules (Scotland) 2013.

## Parent Association

Home Group Limited (HGL) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (registered number 22981R) and with the Regulator of Social Housing (registered number L3076).

## Principal Activities

The principal activities of the Association are the provision of rented accommodation for those in housing need and the development of new build homes for social or mid-market rent, and low cost home ownership.

## Results

The Association has made a surplus of £7.6 million in the year to 31 March 2026 (2025: £5.5 million). Annual surpluses are required to cover long term maintenance obligations, the development of property for sale (the profits of which are invested into our core services and the provision of more affordable homes), repayment of loans and future risks.

## Review of Business

Following a challenging couple of years, the external business environment has stabilised in the UK but is still subject to uncertainties in the global economy.

Despite some challenges continuing, we report an increased operating surplus of £12.4 million (2025: £10.4 million), the main driver of which was increased rental income and tightly controlled costs.

Cost of living continues to impact our customers, so we provide a wide range of financial and non-financial support, particularly through our financial inclusion team.

As we enter a new financial year, we continue to monitor the economic environment closely and we respond to these factors by reviewing our business plan and making changes to mitigate risk.

Housing properties increased from £412.7 million to £429.5 million during the year, reflecting continued investment in existing homes and the completion of new developments. Reserves increased from £79.7 million to £87.4 million as a result of the year's surplus and continued investment in the housing stock.

## Key performance indicators

The following key performance indicators are the measures we report in the Annual Return on the Charter to the Scottish Housing Regulator:

| | **2026** | **2025** |
|---|---|---|
| Operating margin | **34.1%** | 29.9% |
| Rent collected as a percentage of total rent due | **99.4%** | 99.9% |
| Rent due lost through properties being empty | **0.6%** | 0.8% |
| Average days to respond to a complaint – Stage 1 | **4.3** | 4.8 |
| Average days to respond to a complaint – Stage 2 | **15.7** | 18.8 |
| Homes meeting the Scottish Housing Quality Standard | **98.8%** | 97.8% |
| Average hours to complete emergency repairs | **3.7** | 2.6 |
| Average days to complete non-emergency repairs | **7.9** | 6.0 |
| Repairs completed right first time | **98.0%** | 95.7% |

Operational performance has been strong during the year ended 31 March 2026, with a particular focus on improving the number of repairs which are completed right first time, reducing void loss through improving re-let times, and responding to complaints within the timescales set by the ombudsman. There has been a small increase in average repair completion times, but the majority of repairs are completed well within our target timescales. There has been a small reduction in rent collected due to a number of challenging arrears cases during the year.

Financially, we have seen an improvement in operating margin through increased income generation from new build homes, while controlling our costs. Delivering a financial surplus means we are able to reinvest in improvements to our customers' homes, and in building new affordable homes.

## Impact on stakeholders

The factors discussed above are reflected in our financial modelling and stress testing, discussed further in our going concern assessment on pages 17-18. A summary of the key impacts and our response is included below:

**Customers and the community** – During these challenging times it is imperative that we continue to support our customers, many of whom are extremely vulnerable. We continue to provide direct support through our financial inclusion team who provide advice, support and solutions for our customers who are struggling with rent or their bills. We've worked with partners to provide further support, for example by accessing the Scottish Government's Social Housing Fuel Support Fund.

**Colleagues** – The cost-of-living challenge continues to have an impact and we are committed to supporting colleagues where we can. We also continue to pay the Living Wage Foundation Rate.

**Supply chain** – Many of our major suppliers (maintenance and development contractors) have been significantly impacted by increasing costs brought on by global supply chain issues. We've worked closely with our maintenance contractors and customers to ensure the service offering remains at a standard that meets our customer promise.  Our live development contracts are fixed price which gives us protection against increasing costs in the construction sector. We remain vigilant against price increases and take them into consideration when considering the viability of future potential schemes.

## Financial position and liquidity

We continue to perform risk-based scenario planning to understand the potential impact on our financial position for the current year and in the future. This includes the impact on loan covenants, cash flow, liquidity and funding requirements. The results are shared with our Board during the year and gave them confidence that the Association remains financially strong.

In addition, our parent association HGL (which provides loan facilities to the Association) remains in a strong financial position with the capacity to respond to future financial challenges. We maintain flexibility in our plans for growth which are being continually reviewed and can be altered to maintain our financial strength if required. Further details are discussed in our going concern assessment on pages 17-18 where we discuss the current economic environment, what we expect to happen in the future and stress testing.

## Treasury Policy

Treasury management is operated within a framework of clearly defined Board approved policies and procedures that serve to control the use of financial instruments. The overall aim is to ensure sufficient liquidity is available to meet foreseeable needs, surplus cash is invested prudently and financial risk is minimised. The Board receives regular reports on relevant treasury matters.

The Association finances its operations through a mixture of retained earnings, grants, long term loans and short term facilities. Borrowings are in sterling at both fixed and floating rates of interest.

The Association has a five-year £10 million intercompany loan facility from HGL, which currently expires in May 2030, and a five-year £20 million intercompany loan facility from HGL, which is due to expire in June 2028. Of these facilities, £21.7 million was committed, undrawn and immediately available as at 31 March 2026.

The Association also holds a £20 million revolving credit facility with a term of five years, expiring in June 2030. This facility was fully drawn as at 31 March 2026. Full details of the Association's borrowings are shown in notes 15 and 16 to the financial statements.

The Association's lending agreements include a number of financial and non-financial covenants. The key financial covenants are interest cover and gearing ratios. Loan covenants are monitored by the Treasury team on a monthly basis and reported to Board regularly. All covenants were met throughout the year and forecast to be met in the following financial year.

## Statement of Internal Controls

The Association Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness across the Association.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss.

The process for identifying, evaluating and managing significant risks faced by the Association is ongoing, and has been in place throughout the period from 1 April 2025 up to the date of approval of the Financial Statements. This process is set out in the Group's Risk Management Framework, which includes the organisation's defined risk appetite, and is followed by the Association.

Key elements of the internal control framework include:

- Board approved terms of reference and delegated authorities throughout the Association;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- risk registers which are regularly reviewed by Senior Management, Executive, the Group Audit and Risk Committee and the Association Board;
- a robust planning process with detailed financial budgets, forecasts and performance measures;
- regular reporting to Senior Management, Executive and the Board of key performance indicators to monitor progress against objectives;
- an established health and safety management system and compliance framework;
- a structured approach to the appraisal and authorisation of all significant new business initiatives and commitments;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- a considered and documented approach to treasury management which is subject to annual review;
- formal recruitment, retention, and training and development policies;
- detailed Confidential Reporting Policy and Fraud, Tax Evasion and Bribery Prevention, Detection and Response Policy;
- detailed policies and procedures in each area of the Association's activities; and
- an Internal Audit team which reviews internal controls across the Association and provides regular reports to Board on any significant control weaknesses.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2026. The Board has received the Internal Audit Annual Report from the Head of Audit and the Annual Assurance Statement from the General Counsel.

During the year there were no significant findings or weaknesses identified in internal controls, which resulted in the material losses, contingencies or uncertainties that require disclosure in the financial statements or in the report of the auditors.

## Statement of Board's responsibilities

The Board is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019.
It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Disclosure of Information to Auditors

The Board members and Directors who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member and Director has taken all the steps that he/she ought to have taken as a Board member or Director to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

## Colleagues

We work with colleagues to make sure people feel aware, informed and involved with our strategic direction and we welcome views and suggestions. We use a range of ways to engage with colleagues, including Workvivo (an enterprise social network), our intranet, seminars, meetings and events as well as a strong team culture of briefings, meetings and brilliant conversations. We have vibrant colleague networks with strong ally support that cover gender, multicultural, LGBTQ+, neurodiversity and people with disabilities. We also have a successful and engaged colleague forum.

We aim to attract, develop and retain talented people through an inclusive approach to recruitment and career development. As a Disability Confident and Mindful Employer, we support colleagues to build meaningful careers. Our ‘Grow our own’ approach continues to strengthen internal progression. We also work with partners to widen access to employment, including DFN Project Search’s supported internship programme for young people with disabilities, where 100% of the second cohort achieved a positive outcome (employment or further training).

We invest in leadership development through our Leading with Purpose programme to support strong performance and inclusive leadership across the organisation. We encourage open dialogue with colleagues and use feedback to shape priorities and improve the colleague experience. Colleague networks and forums provide additional routes for involvement and allyship. Our ‘Living Our Values’ programme supports new starters and new managers to understand and embed our culture.

## Events after the end of the reporting period

The Board considers that there have been no events since the year end that have had a significant impact on the Association’s financial position.

## Auditor

A resolution to reappoint Deloitte LLP as auditors was proposed at the Annual General Meeting.

On behalf of the Board

Susan C. Deacon

Susan Deacon CBE
Chair
17 September 2026

# Independent Auditor’s Report to Home Group Scotland

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Home Group Scotland (the ‘association’):

- give a true and fair view of the state of the association’s affairs as at 31 March 2026 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2019.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in reserves;
- the cash flow statement; and
- the related notes 1 to 26.

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).

### 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 (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board’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 other information comprises the information included in the report of the board, other than the financial statements and our auditor’s report thereon. The board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the board

As explained more fully in the board's responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board 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 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.

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

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the association's industry and its control environment, and reviewed the association's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the board about their own identification and assessment of the risks of irregularities, including those that are specific to the association's business sector.

We obtained an understanding of the legal and regulatory framework that the association operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Co-operative and Community Benefit Societies Act 2014 and Part 6 of the Housing (Scotland) Act 2010; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the association's ability to operate or to avoid a material penalty. This included the association's compliance with the regulatory standards set by the Scottish Housing Regulator.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- housing property impairment due to the existence of significant management judgement and estimation uncertainty. In response we evaluated management's assessment of potential impairment triggers using our experience of the association and wider sector, engaged our valuations specialists to challenge the assumptions and calculations and compared a sample of key information used in the impairment calculations with published information sources to test the reasonableness of management's assumptions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing regulatory correspondence.

## Report on other legal and regulatory requirements

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

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report in respect of the following matters 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; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## Use of our report

This report is made solely to the association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members 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.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne, United Kingdom
18 September 2026

## Report by the auditors to the members of Home Group Scotland on corporate governance matters

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

## Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 Controls on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the board of Home in Scotland Limited and officers of the association and examination of relevant documents, we have satisfied ourselves that the management committee's Statement on Internal Financial Controls 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.

## Use of our report

This report is made solely to the association's members as a body, in accordance with the Regulatory Advisory Notes which are issued by the Scottish Housing Regulator. Our work has been undertaken so that we might state to the association's members those matters we are required to state to them in our 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 work, for this report, or for the opinions we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne, United Kingdom
18 September 2026

# Statement of Comprehensive Income for the year ended 31 March 2026

| | Notes | **2026** | 2025 |
|---|---|---|---|
| | | **£000** | £000 |
| Turnover | 2 | **36,349** | 34,758 |
| Cost of sales | 2 | **-** | (470) |
| Operating expenditure | 2 | **(24,156)** | (23,980) |
| Surplus on disposal of social housing properties | 3 | **204** | 100 |
| **Operating surplus** | | **12,397** | 10,408 |
| Interest receivable | 7 | **22** | 27 |
| Finance costs | 8 | **(4,780)** | (4,934) |
| **Surplus before taxation** | 9 | **7,639** | 5,501 |
| Taxation | | **-** | - |
| **Surplus for the year** | | **7,639** | 5,501 |

All activities of the Association are classed as continuing.

There are no other surpluses or deficits to be recognised in the current or prior year other than the surplus for the year reported above.

The notes on pages 17 to 32 form part of the financial statements.

The financial statements on pages 13 to 32 were approved by the Board on 17 September 2026 and were signed on its behalf by:

Susan Deacon
Chair

Gavin Mackenzie
Board member

Austin Woods
Company Secretary

# Statement of Financial Position as at 31 March 2026

| | Notes | 2026 | 2025 |
|---|---|---|---|
| | | **£000** | £000 |
| **Fixed assets** | | | |
| Tangible fixed assets | 10 & 11 | **429,515** | 412,692 |
| Other investments | 12 | **417** | 620 |
| | | **429,932** | 413,312 |
| **Current assets** | | | |
| Properties held for sale | 13 | **294** | 26 |
| Debtors | 14 | **1,582** | 1,937 |
| Cash and cash equivalents | | **8** | 2 |
| | | **1,884** | 1,965 |
| **Creditors:** amounts falling due within one year | 15 | **(13,194)** | (19,835) |
| **Net current liabilities** | | **(11,310)** | (17,870) |
| **Total assets less current liabilities** | | **418,622** | 395,442 |
| **Creditors:** amount falling due after more than one year | 16 | **(331,246)** | (315,705) |
| **Net assets** | | **87,376** | 79,737 |
| **Capital and reserves** | | | |
| Non-equity share capital | 18 | **-** | - |
| Income and expenditure reserve | | **87,376** | 79,737 |
| **Total capital and reserves** | | **87,376** | 79,737 |

The notes on pages 17 to 32 form part of the financial statements.

The financial statements on pages 13 to 32 were approved by the Board on 17 September 2026 and were signed on its behalf by:

Susan Deacon
Chair

Gavin Mackenzie
Board member

Austin Woods
Company Secretary

# Statement of Changes in Reserves for the year ended 31 March 2026

| | Income and expenditure reserve |
|---|---|
| | £000 |
| As at 1 April 2024 | 74,236 |
| Surplus for the year | 5,501 |
| As at 31 March 2025 | 79,737 |
| Surplus for the year | 7,639 |
| **As at 31 March 2026** | **87,376** |

The notes on pages 17 to 32 form part of the financial statements.

# Cash Flow Statement for the year ended 31 March 2026

| | Notes | 2026 | 2025 |
|---|---|---|---|
| | | £000 | £000 |
| **Net cash inflow from operating activities** | 19 | **17,885** | 15,818 |
| **Cash flow from investing activities** | | | |
| Purchase of tangible fixed assets | | **(24,534)** | (29,676) |
| Additions to investments | | **(24)** | (225) |
| Disposals of investments | | **227** | 29 |
| Proceeds from sale of tangible fixed assets | | **269** | 254 |
| Capital grants received | | **10,945** | 13,845 |
| Interest received | | **22** | 27 |
| **Net cash outflow from investing activities** | | **(13,095)** | (15,746) |
| **Cash flow from financing activities** | | | |
| Interest paid | | **(4,077)** | (4,402) |
| New secured loans | | **1,352** | 6,707 |
| Repayment of borrowings | | **(2,059)** | (2,377) |
| **Net cash outflow from financing activities** | | **(4,784)** | (72) |
| **Net change in cash and cash equivalents** | | **6** | - |
| Cash and cash equivalents at the beginning of the year | | **2** | 2 |
| **Cash and cash equivalents at the end of the year** | | **8** | 2 |

The notes on pages 17 to 32 form part of the financial statements.

# 1. Principal accounting policies

## Basis of accounting

The financial statements have been prepared in accordance with UK Accounting FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Co-operative and Community Benefit Societies and Credit Unions Act 2014, the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements 2019 and the Statement of Recommended Practice for registered social housing providers Update 2018 ('SORP 2018').

As a public benefit entity, the Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

The Association's parent undertaking, Home Group Limited (HGL), includes the Association in its consolidated financial statements, and these are the smallest and largest set of financial statements that the Association is consolidated into. The consolidated financial statements of HGL are available to the public and may be obtained from The Secretary, Home Group Limited, 1 Strawberry Lane, Newcastle upon Tyne, NE1 4BX.

As the consolidated financial statements of HGL include the equivalent disclosures and the Association is a wholly owned subsidiary of HGL, it has also taken the exemptions under FRS 102 available in respect of the following:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1; and
- The disclosures required by FRS 102.33A Related Party Disclosures in respect of transactions or balances with subsidiaries which form part of the group.

The financial statements are prepared on the historical cost basis of accounting. There are no material differences between the surplus before taxation and the surplus for the current or prior year and their historical cost equivalents.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## Going concern

As set out below the Board has a reasonable expectation that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months after the date on which the report and financial statements are signed. For this reason, the Association continues to adopt the going concern basis in the financial statements.

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board. Whilst the Statement of Financial Position (SOFP) shows net current liabilities, the Association has in place loan agreements which allow the Association sufficient funding to pay its liabilities as they fall due; these are set out in note 15 and 16.

Our reported surplus before tax of £7.6 million was ahead of our 2026 budget (£4.8 million), driven by careful cost management and our ability to react to external pressures by implementing mitigating actions. The most significant external factor that has impacted us during the year has been the continuation of a challenging external environment with high inflation and interest rates which put pressure on our financial position. Our loan covenants were not stretched and at 31 March 2026 we had £21.7 million of undrawn facilities.

*Looking forwards*

As part of our budget and business planning process we have undertaken detailed forecasting covering the next five financial years which show the Association growing and building on its current financial strength.

When reviewing our financial projections we have paid particular focus on the period to September 2027, which would be one year from the time the financial statements are submitted to the Scottish Housing Regulator (SHR). Our forecasts show that we anticipate remaining inside the parameters of our loan covenants at all times and we do not anticipate any breaches occurring.

# 1. Principal accounting policies (continued)

*Stress testing*

We regularly stress test our financial forecasts to understand the risks they face and the impact of them transpiring. We also model the impact of the mitigations we have identified to address these events if they occur. We are currently operating in a volatile economic environment and this risk has been reflected in our stress testing.

The detailed stress testing our financial forecasts have been subjected to include:

- Property market crash
- Economic downturn – high inflation and continued cost of living crisis
- Regulatory breach without Government support
- Perfect storm (combination of all stress tests)

We always stress test our five-year financial projections to identify what would ‘break’ them. This is an important step in making sure our plans are robust and the SHR expects to see this. To breach our loan covenants would require more than one of the above stresses being realised together. Our work shows that in all scenarios we can implement mitigations so that covenants are adhered to.

On this basis, the Board has a reasonable expectation that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months after the date on which the report and financial statements are signed. For this reason, the Association continues to adopt the going concern basis in the financial statements.

## Turnover

Rental income is recognised on a straight-line basis in accordance with the terms of the tenancy agreement on an accrual basis. Revenue arising from the sale of property is recognised on legal completion. Fees receivable are recognised in line with the underlying management agreements. Revenue from government grants is recognised in line with the accounting policy set out below.

## Housing properties

Housing properties are stated at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties and depreciated from the date of practical completion of the scheme. The cost of a property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Directly attributable costs include the employment costs of development, finance and legal colleagues, and surveyors arising directly from the construction or acquisition of the property, together with other incremental costs which would have been avoided only if the property had not been constructed or acquired. Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. The capitalisation rate is the weighted average of the rates applicable to general borrowings that are outstanding during the period.

Housing properties are split under component accounting between their land, structure costs and a specific set of major components which require periodic replacement. Refurbishment, replacement or addition to such components is capitalised if it brings future economic benefits such as increasing future rents, extends the useful economic life or reduces future maintenance costs. Costs are depreciated on a straight-line basis over the estimated useful economic life of components as follows:

| **Component** | **Estimated useful economic life (years)** |
|---|---:|
| Property structure | 50 - 100 |
| Roof | 40 - 55 |
| Insulated render | 35 |
| Heating systems | 30 |
| Windows | 30 |
| Bathroom | 25 - 30 |
| Electrical | 25 - 30 |
| Solar panels | 25 |
| Doors (including fire doors) | 20 - 25 |
| Kitchen | 15 - 20 |
| Boiler | 15 |
| External boundaries | 15 |
| Lift | 15 |
| Specialist equipment | 5 - 15 |
| Land | Not depreciated |

# 1. Principal accounting policies (continued)

## Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight-line basis to write off the cost less any estimated residual value over the expected useful economic lives of the assets.

| Asset type | Estimated useful economic life (years) |
|---|---|
| Plant, machinery and fixtures | 4 – 8 |
| Motor vehicles | 4 |
| Computer equipment | 3 – 5 |
| Leased equipment | Over the life of the lease |

## Housing Association Grant (HAG)

Government grants include grants receivable from the Scottish Housing Regulator, Scottish Ministers and local authorities. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in the Statement of Comprehensive Income (SOCI) over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

HAG is repayable under certain circumstances, primarily following the sale of property, but such repayment will normally be restricted to the net proceeds of sale.

## Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

## Impairment

Reviews for indicators of impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the SOCI. An impairment is recognised where the carrying amount of an income generating unit exceeds its recoverable amount being the higher of its fair value less costs to sell and its value in use, or where there is a material change to a development programme or scheme, for example when there is a change in the planned use of the properties or a change in the way the properties are to be managed, or a material increase in development costs as a result of contamination, change in government policy, or a change in demand for a property that is considered irreversible.

## Disposals of housing properties

Where properties built for sale are disposed of during the year, the disposal proceeds are included in turnover and the attributable costs included in cost of sales. Where properties previously rented out to customers are disposed of, the surplus on disposal is included in operating surplus.

Where a component is replaced or restored, the old component is written off to the SOCI, to avoid double counting, and the new component is capitalised. Charges arising from the early replacement of a component are reflected as part of the overall depreciation charge.

Where any HAG to be repaid is less than the HAG relating to the disposal, the difference is treated as abated HAG and included as a component of the surplus or deficit on disposal.

## 1. Principal accounting policies (continued)

### Properties for sale

Completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value.

Grants are received from the Scottish Ministers for the construction of properties under the Homestake scheme. The costs net of grants up to the point of sale are reflected as stock within current assets. Upon sale of the Homestake properties to eligible beneficiaries the cost and grants relating to such properties are accounted for in the SOCI as other activities; within turnover and operating costs respectively. 100% of the property is sold between the owner and the Government.

### Improvements to properties

Expenditure on housing properties which is capable of generating increased future rents, or extends their useful lives, or significantly reduces future maintenance costs, is capitalised.

### Finance costs

Interest is capitalised on borrowings related to the development of qualifying assets, to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance. Other interest payable is charged to the SOCI in the year.

### Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model.

### Debtors

Short term debtors are measured at transaction price, less any impairment. Where deferral of payment terms has been agreed and the impact of discounting is material, the balance is shown at the present value, discounted at a market rate.

### Creditors

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

### Provisions for liabilities and charges

The Association recognises in the financial statements provisions to meet liabilities arising from past events, which are likely or certain to be incurred, but for which the amount or timing cannot be determined accurately.

### Pension costs

The Association is a member of the defined contribution pension scheme operated by Home Group Limited. The contributions paid into this scheme are charged to the SOCI as incurred.

## 1. Principal accounting policies (continued)

# Significant estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements and estimates which have the most significant impact on amounts recognised in the financial statements are set out below.

## Significant management judgement

**Carrying value of completed housing properties and stock**

Judgement is exercised in determining the carrying value of competed housing properties and stock in line with the accounting policies set out on pages 18 to 20.

The value of a property may be impaired if it's not providing the social benefit for which it is held and is therefore unable to fulfil its service potential. The Association has conducted a review of the financial performance and future prospects of its full portfolio of existing rented housing properties to assess whether there has been a trigger event for an impairment review. Indicators of impairment used as part of the review were: a fall in market values, a significant change in our operating environment, change in market interest rates, evidence of obsolescence in our stock, a change in how we use our stock, or a deterioration in asset performance.

Specifically, we have considered whether properties are planned to be sold, demolished or earmarked for regeneration, whether they require major works or whether they have been void for an extended period of time. As the circumstances of individual properties varies from year to year, the size of any impairment charge (or release of prior years' impairments) is expected to fluctuate.

When indicators for impairment exist, we compare our carrying values against the sector standard valuation of Existing Use Value for Social Housing (EUV-SH). This is the value at which we would expect to transfer properties to another registered provider. Where the carrying value of identified properties is higher than EUV-SH, the properties have been impaired by the difference and the cost has been taken to the SOCI. It is a standard valuation method and as such is not considered to cause significant uncertainty.

Impairment charges and reversals identified and included in the SOCI are set out in note 9 to the financial statements.

## Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

**Carrying value of housing properties and stock under construction**

When reviewing our housing properties and stock under construction for indications of impairment, we make a number of estimates. For the purpose of our review, we consider each development scheme an individual cash generating unit (CGU).

For housing properties under construction (i.e. those affordable homes we're building to retain) we calculate whether the scheme's anticipated costs to build (current carrying value plus expected future costs) is higher than its recoverable amount and impair it if it is. We initially calculate value in use which takes into account costs incurred to date and forecast future cash flows including those generated from rental income. If this value in use is lower than the carrying value, we then compare the scheme's carrying value to its EUV-SH which we obtain from an independent valuer. Any impairment expense is the difference between the total anticipated costs to build and the higher of value in use and EUV-SH, with the impairment being restricted to the carrying value.

The following sensitivity analysis has been carried out:

| Uncertainty | Impact |
|---|---|
| Future costs | For our active developments we have considered a number of cost increase scenarios. A 3% uplift in 2025/26 costs across all active sites would lead to a £0.6 million increase in the carrying value of housing properties; a 5% uplift would mean a £0.9 million increase; and a 10% uplift a £1.9 million increase. The majority of our contracts, however, are fixed price and we would not expect (and have not experienced) significant deviations from agreed terms. |

### 1. Principal accounting policies (continued)

For properties held for sale, a scheme under development is impaired if its anticipated costs to build (current carrying value plus expected future costs) are higher than its selling price less costs to sell, with the impairment provision being restricted to the current carrying value. We calculate anticipated costs to build for each scheme by taking into account costs incurred to date, estimated costs to complete and future grant receipts. Future grants are either based upon formal agreements held with grant providers or anticipated based on communications held with the provider and could be subject to change.

Impairment charges and reversals identified are included in the SOCI and are set out in Notes 9 and 10 of the financial statements.

## 2a. Particulars of turnover, operating costs and operating surplus / (deficit)

| | Note | Turnover | Cost of sales | Operating costs | **Operating surplus 2026** | Operating surplus 2025 |
|---|---|---|---|---|---|---|
| | | £000 | £000 | £000 | **£000** | £000 |
| Affordable letting activities | 2(b) | 36,137 | - | (23,949) | **12,188** | 10,400 |
| Other activities | 2(c) | 212 | - | (207) | **5** | (92) |
| Surplus on disposal of social housing properties | 3 | - | - | - | **204** | 100 |
| **Total** for the year ended 31 March 2026 | | **36,349** | **-** | **(24,156)** | **12,397** | |
| Total for the year ended 31 March 2025 | | 34,758 | (470) | (23,980) | | 10,408 |

Turnover and operating costs are all derived from UK customers and suppliers.

# 2b. Particulars of turnover, operating costs and operating surplus from affordable letting activities

| | General needs social housing | Shared ownership housing | Mid-market rent | **2026 Total** | 2025 Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | **£000** | £000 |
| Rent receivable net of service charges | 25,685 | 84 | 5,611 | **31,380** | 29,937 |
| Service charges | 1,931 | 1 | 499 | **2,431** | 2,163 |
| **Gross income from rents and service charges** | **27,616** | **85** | **6,110** | **33,811** | 32,100 |
| Less voids | (167) | - | (75) | **(242)** | (258) |
| **Net income from rents and service charges** | **27,449** | **85** | **6,035** | **33,569** | 31,842 |
| Grants released from deferred income | 1,892 | 6 | 318 | **2,216** | 2,023 |
| Revenue grants from Scottish Ministers | 352 | - | - | **352** | 203 |
| **Total turnover from affordable letting activities** | **29,693** | **91** | **6,353** | **36,137** | 34,068 |
| Management and maintenance administration costs | (5,444) | (9) | (720) | **(6,173)** | (6,206) |
| Service costs | (1,944) | (4) | (404) | **(2,352)** | (2,307) |
| Planned and cyclical maintenance including major repairs costs | (2,021) | - | (267) | **(2,288)** | (2,985) |
| Reactive maintenance costs | (4,130) | (1) | (498) | **(4,629)** | (4,485) |
| Bad debts – rent and service charges | (207) | - | (61) | **(268)** | (392) |
| Depreciation of affordable let properties | (6,504) | (7) | (1,656) | **(8,167)** | (7,307) |
| (Impairment) / reversal of impairment of affordable let properties | - | - | (72) | **(72)** | 14 |
| **Operating costs for affordable letting activities** | **(20,250)** | **(21)** | **(3,678)** | **(23,949)** | (23,668) |
| **Operating surplus for affordable letting activities** | **9,443** | **70** | **2,675** | **12,188** | |
| Operating surplus for affordable letting activities for the year ended 31 March 2025 | 7,290 | 70 | 3,040 | | 10,400 |

# 2c. Particulars of turnover, operating costs and operating deficit from other activities

| | Turnover | Cost of sales | Operating costs | **Operating surplus / (deficit) 2026** | Operating surplus / (deficit) 2025 |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | **£000** | £000 |
| Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing | - | - | (37) | **(37)** | (83) |
| Factoring | 212 | - | (120) | **92** | - |
| Developments and improvements for sale to other organisations | - | - | - | **-** | (44) |
| Uncapitalised development administration costs | - | - | (50) | **(50)** | 35 |
| **Total for the year ended 31 March 2026** | **212** | **-** | **(207)** | **5** | |
| Total for the year ended 31 March 2025 | 690 | (470) | (312) | | (92) |

# 3. Surplus on disposal of social housing properties

| | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Sales proceeds | **269** | 255 |
| Cost of sales | **(65)** | (155) |
| | **204** | 100 |

# 4. Housing stock

The disclosure below relates to units of housing accommodation and therefore excludes commercial properties and garages.

| | At 1 April 2025 | New units developed or acquired | Units sold or demolished | Other movements | At 31 March 2026 |
|---|---|---|---|---|---|
| **General needs – social** | | | | | |
| Owned and managed | 4,300 | 158 | (40) | (4) | 4,414 |
| **Total general needs units** | **4,300** | 158 | (40) | (4) | 4,414 |
| **Low cost home ownership** | | | | | |
| Owned and managed | 21 | - | - | - | 21 |
| **Total low cost home ownership units** | **21** | **-** | **-** | **-** | **21** |
| **Total social housing** | | | | | |
| Owned and managed | 4,321 | 158 | (40) | (4) | 4,435 |
| **Total social housing** | **4,321** | 158 | (40) | (4) | 4,435 |
| Mid-market rent units | 659 | 14 | - | 4 | 677 |
| **Total non-social housing** | **659** | 14 | - | 4 | 677 |
| **Total social and non-social housing owned and / or managed** | **4,980** | **172** | **(40)** | **-** | **5,112** |

Number of residential properties where we provide factoring services: 706 (2025: 706).

# 5. Directors' emoluments

The directors are paid through the parent undertaking, HGL. One director has been identified as key management personnel and the aggregate amount of emoluments payable was £134,302 (2025: £82,263) which includes £8,427 employer's pension contributions (2025: £3,977). Details of the remunerated members of the Board (Mark Henderson and Helen Meehan) are included within financial statements of HGL which are publicly available. No other Board members received any payment other than expenses.

| | **2026** | 2025 |
|---|---|---|
| | **£** | £ |
| Directors' expenses reimbursed to the directors not chargeable to United Kingdom income tax | **1,002** | 1,324 |

# 6. Employee information

The employee costs of those persons employed by the Association who are utilised wholly and exclusively by the Association are summarised below:

| | **2026** | 2025 |
|---|---|---|
| | **Number** | Number |
| Office staff | **60** | 58 |
| | **60** | 58 |

| | **2026** | 2025 |
|---|---|---|
| Employee costs (for the above persons): | **£000** | £000 |
| Wages and salaries | **2,555** | 2,393 |
| Social security costs | **316** | 240 |
| Other pension costs | **144** | 140 |
| | **3,015** | 2,773 |

Temporary staff costs in the year were nil (2025: £1,000).

The full-time equivalent number of staff whose remuneration payable in the year fell above £60,000 was:

| | **2026** | 2025 |
|---|---|---|
| | **Number** | Number |
| £60,000 - £70,000 | **5** | 4 |
| £70,001 - £80,000 | **1** | 2 |
| £80,001 - £90,000 | **1** | 2 |
| £90,001 - £100,000 | **1** | - |
| £100,001 - £110,000 | **1** | 1 |
| £130,001 - £140,000 | **1** | - |

# 7. Interest receivable

| | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Interest receivable from bank and building society deposits | **22** | 27 |

# 8. Finance costs

| | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Interest payable to other group companies | **367** | 291 |
| Interest payable on bank loans and overdrafts | **2,866** | 3,179 |
| Interest payable on other loans | **2,029** | 1,984 |
| | **5,262** | 5,454 |
| Less: Interest capitalised on housing property development | **(482)** | (520) |
| | **4,780** | 4,934 |
| Average rate applicable to capitalised interest | **4.35%** | 4.63% |

# 9. Surplus before taxation

| | 2026 £000 | 2025 £000 |
|---|---|---|
| Surplus before taxation is stated after charging / (crediting): | | |
| Depreciation | **8,167** | 7,308 |
| Impairment / (reversal of impairment) | **72** | (14) |
| Grant amortisation | **(2,217)** | (2,023) |
| External auditor's remuneration for the audit of these financial statements | **42** | 40 |
| Operating lease rentals | **101** | 112 |

The Association did not obtain any non-audit services from its external auditor during the year. Accordingly, no non-audit fees were incurred (2025: £nil).

# 10. Tangible fixed assets – housing properties

| | Completed housing properties £000 | Housing properties under construction £000 | Completed shared ownership housing properties £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2025 | 455,337 | 29,188 | 1,250 | 485,775 |
| Additions | 161 | 19,758 | - | 19,919 |
| Capitalised interest | - | 482 | - | 482 |
| Capitalised works | 4,725 | - | - | 4,725 |
| Transfer to completed schemes | 38,463 | (38,463) | - | - |
| Disposals | (118) | - | - | (118) |
| **At 31 March 2026** | **498,568** | **10,965** | **1,250** | **510,783** |
| **Depreciation** | | | | |
| At 1 April 2025 | 72,944 | - | 139 | 73,083 |
| Charge for year | 8,160 | - | 7 | 8,167 |
| Impairment | 72 | - | - | 72 |
| Eliminated in respect of disposals | (54) | - | - | (54) |
| **At 31 March 2026** | **81,122** | **-** | **146** | **81,268** |
| | | | | |
| **Net book value at 31 March 2026** | **417,446** | **10,965** | **1,104** | **429,515** |
| Net book value at 31 March 2025 | 382,393 | 29,188 | 1,111 | 412,692 |

Total accumulated impairment at 31 March 2026 is £240,761 (2025: £168,500). The total number of housing units impaired during the year is one (2025: nil) and relates to a void property where the carrying value is less than the EUV-SH.

| | 2026 £000 | 2025 £000 |
|---|---|---|
| **Completed housing properties, at net book value, comprise:** | | |
| Freeholds | **418,550** | 383,504 |
| **Works to existing properties in the year:** | | |
| Components capitalised | **4,725** | 3,317 |
| Amounts charged to expenditure | **2,288** | 2,985 |
| | **7,013** | 6,302 |

Additions to housing properties in the course of construction during the year included development administration costs of £392,370 (2025: £386,800). There were assets under charge included in the above net book value amount of £140,555,340 as at 31 March 2026 (2025: £144,392,546).

# 11. Tangible fixed assets – other fixed assets

| | Plant, machinery, fixtures and vehicles | Computer equipment and leased equipment | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Cost** | | | |
| At 1 April 2025 | 87 | 2 | 89 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **At 31 March 2026** | **87** | **2** | **89** |
| **Depreciation** | | | |
| At 1 April 2025 | 87 | 2 | 89 |
| Charge for year | - | - | - |
| Eliminated in respect of disposals | - | - | - |
| **At 31 March 2026** | **87** | **2** | **89** |
| **Net book value at 31 March 2026** | **-** | **-** | **-** |
| Net book value at 31 March 2025 | - | - | - |

# 12. Fixed asset investments

| | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| At 1 April | **620** | 424 |
| Additions | **24** | 225 |
| Disposals | **(227)** | (29) |
| At 31 March | **417** | 620 |

# 13. Properties held for sale

| | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Outright sale properties: | | |
| - Completed | **-** | - |
| - Work in progress | **294** | 26 |
| | **294** | 26 |

# 14. Debtors

| | 2026 | 2025 |
|---|---|---|
| | **£000** | £000 |
| Amounts falling due within one year: | | |
| Rental and service charges receivable | **2,094** | 1,943 |
| Less: Provision for bad debts | **(877)** | (892) |
| Net rental debtors | **1,217** | 1,051 |
| Prepayments and accrued income | **73** | 561 |
| Leasehold debtors | **140** | 207 |
| Other amounts due from group undertakings | **-** | 71 |
| Other debtors | **152** | 47 |
| | **1,582** | 1,937 |

# 15. Creditors: amounts falling due within one year

| | 2026 | 2025 |
|---|---|---|
| | **£000** | £000 |
| Housing loans from third parties | **2,000** | 2,000 |
| Loans from group undertakings | **-** | 6,957 |
| Trade creditors | **2,671** | 1,705 |
| Housing Association Grant in advance | **-** | 4 |
| Deferred capital grant | **2,371** | 2,205 |
| Other taxation and social security payable | **140** | 120 |
| Accruals and deferred income | **4,704** | 4,521 |
| Other amounts due to group undertakings | **128** | 85 |
| Retentions | **1,180** | 1,570 |
| Other creditors | **-** | 668 |
| | **13,194** | 19,835 |

Whilst the SOFP shows net current liabilities, the Association has in place external loan agreements which allow the Association sufficient funding to pay its liabilities as they fall due. The parent undertaking, HGL, acts as guarantor for some of these loans, as well as providing a £30 million intercompany facility. As at 31 March 2026, the Association had £21.7 million (2025: £23.0 million) committed and undrawn facilities which were immediately available for drawing.

# 16. Creditors: amounts falling due after more than one year

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| Housing loans from third parties | 106,182 | 107,445 |
| Loan from parent company | 8,309 | - |
| Deferred capital grant | 216,755 | 208,260 |
| | 331,246 | 315,705 |

The Association has a five-year £10 million intercompany loan facility from HGL, which currently expires in May 2030, and a five-year £20 million intercompany loan facility from HGL, which is due to expire in June 2028. These loan facilities attract interest charged at SONIA plus Credit Adjustment Spread (where appropriate) and margin.

Loans are secured by specific charges on the Association's housing properties. They are repayable at varying rates of interest due as follows:

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| In instalments: | | |
| In one year or less | 2,000 | 8,957 |
| Between one and two years | 2,000 | 2,000 |
| Between two and five years | 74,099 | 6,000 |
| In five years or more | 38,392 | 99,445 |
| | 116,491 | 116,402 |

# 17. Deferred capital grant

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| At 1 April | 210,465 | 198,647 |
| Grant received in the year | 10,949 | 13,841 |
| Released to income in the year | (2,217) | (2,023) |
| Disposal | (71) | - |
| At 31 March | 219,126 | 210,465 |
| | | |
| Amount due to be released within one year | 2,371 | 2,205 |
| Amount due to be released in more than one year | 216,755 | 208,260 |
| | 219,126 | 210,465 |

The total accumulated government grant and financial assistance received or receivable at 31 March:

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| Held as deferred capital grant | 219,126 | 210,465 |
| Recognised as income in the SOCI | 23,723 | 21,525 |
| Grant within cost on properties at fair values at acquisition | 8,043 | 8,043 |
| | 250,892 | 240,033 |

# 18. Called up share capital

Each national member of the Association holds one voting share (nominal value £1). Each community member of the Association holds one non-voting share (nominal value £1). All shares are surrendered on the cessation of membership. Shares carry no rights to dividend or repayment of capital.

| Allotted, issued and fully paid: | **£** |
|---|---|
| At 1 April 2025 | 9 |
| Issued during the year | 2 |
| Surrendered during the year | - |
| **At 31 March 2026** | **11** |

# 19. Reconciliation of surplus to net cash inflow from operating activities

| | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Surplus for the year | **7,639** | 5,501 |
| **Adjustments for:** | | |
| Depreciation of tangible fixed assets | **8,167** | 7,308 |
| Impairment / (reversal of impairment) | **72** | (14) |
| (Increase) / decrease in properties held for sale | **(268)** | 471 |
| Decrease / (increase) in debtors | **355** | (346) |
| (Decrease) / Increase in trade and other creditors | **(417)** | 114 |
| Surplus on disposal of tangible fixed assets | **(204)** | (100) |
| **Adjustments for investing or financing activities:** | | |
| Government grants utilised in the year | **(2,217)** | (2,023) |
| Finance costs | **4,780** | 4,934 |
| Interest receivable | **(22)** | (27) |
| **Net cash inflow from operating activities** | **17,885** | 15,818 |

# 20. Analysis of changes in net debt

| | At 1 April 2025 | Cash flows | Other non-cash changes | At 31 March 2026 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Cash and cash equivalents | 2 | 6 | - | 8 |
| Debt due within one year: | | | | |
| - Housing loans from third parties | (2,000) | 2,000 | (2,000) | (2,000) |
| - Loans from group undertakings | (6,957) | - | 6,957 | - |
| Debt due after one year: | | | | |
| - Housing loans from third parties | (107,445) | 59 | 1,204 | (106,182) |
| - Loans from group undertakings | - | (1,352) | (6,957) | (8,309) |
| **Total net debt** | **(116,400)** | **713** | **(796)** | **(116,483)** |

# 21. Reconciliation of net cash flow to movement in net debt

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| Increase in cash in the period | 6 | - |
| Cash inflow / (outflow) from increase in debt | 707 | (4,330) |
| Change in net debt resulting from cash flows | 713 | (4,330) |
| Non cash changes | (796) | (782) |
| Movement in net debt in the period | (83) | (5,112) |
| Opening net debt | (116,400) | (111,288) |
| **Closing net debt** | (116,483) | (116,400) |

# 22. Capital commitments

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| Capital expenditure that has been contracted for but not provided for in the financial statements | 10,174 | 12,171 |
| Capital expenditure that has been authorised by the Board but has not yet been contracted for | 9,805 | - |

The amounts contracted for at 31 March 2026 will be HAG funded, loan financed and funded from the Association's reserves. The above commitments, that have been contracted for but not provided, included £1,643k (2025: £1,227k) on-costs required to manage effective delivery of the contracts.

# 23. Financial commitments

At the year end the total contractual payments under non-cancellable operating leases were as follows:

| | 2026 | 2025 |
|---|---|---|
| | £000 | £000 |
| Less than one year | 5 | - |
| | 5 | - |

The Association uses certain assets acquired under operating leases entered into by the parent association, HGL. The relevant lease charges are included in the SOCI, and the commitments under these leases have been included in the above note.

# 24. Related party transactions

The Association has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that it is a wholly owned subsidiary of a group headed by HGL, whose financial statements are publicly available.

During the year the Association entered into the following related party transactions with its customer board members:

| | 2026 | 2025 |
|---|---|---|
| | £ | £ |
| Charges in respect of rent and service charges | 14,361 | 10,373 |
| Amounts owed to customer board members at the year-end | 208 | 87 |

# 25. Parent association

The Board regards HGL as the ultimate parent company and the ultimate controlling party. Copies of the consolidated financial statements of HGL can be obtained from the Secretary, Home Group Limited, 1 Strawberry Lane, Newcastle upon Tyne, NE1 4BX.

# 26. Pension obligations

Employees of the parent undertaking, HGL, are eligible to participate in a number of pension schemes. Full disclosure of these schemes is included within the financial statements of HGL which are publicly available.