

Langstane Housing Association Limited

Report and Financial Statements

Year Ended 31 March 2026

Registered Housing Association No. HEP 145 AL

FCA Reference No. 1916RS

Scottish Charity No. SC011754

Langstane Housing Association Limited

Report and Financial Statements For the year ended 31 March 2026

Contents	Page
Company Information	1-2
Report of the Board of Management	3-11
Independent Auditor's Report on Corporate Governance Matters	12
Independent Auditor's Report	13-16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Cash Flows	19
Statement of Changes in Reserves	20
Notes to the Financial Statements	21-38

Langstane Housing Association Limited
Company Information

Board of Management

K. Butler	
T. Dinozzi	Vice Chairperson
J. Drummond	Resigned June 24, 2026
J. Fraser	
J. Gillies	
I. Jamieson	
J. Knowles	
C. Lynch	Appointed August 21, 2025
M. Martin	Chairperson
J. Marshall	Appointed August 21, 2025
A. Stevenson	

Key Management Personnel

Helen Gauld	Chief Executive	
Bob Jack	Director of Property	Appointed June 16, 2025
Anne Jenkins	Director of Housing	Appointed April 21, 2025
Mandy Macarthur	Director of Finance & Corporate Services	
Judith Sutherland	Director of Housing	Retired April 30, 2025
Marcie Ballance	Director of Property	Resigned February 2, 2025

Registered Office

680 King Street
Aberdeen
AB24 1SL

External Auditor

RSM UK Audit LLP
3rd Floor
2 Semple Street
Edinburgh
EH3 8BL

Internal Auditor

TIAA Limited
Artillery House
Fort Fareham
Newgate Lane
Fareham

Bankers

Royal Bank of Scotland
40 Albyn Place
AB10 1YN

Lenders

Lloyds Banking Group	Santander Business Banking Group	Bank of Scotland
25 Gresham Street	Santander House	The Mound
London	100 Ludgate House	Edinburgh
EC2V 7HN	London	EH1 1YZ
	EC4M 7RE	

Langstane Housing Association Limited
Company Information

Solicitors

BTO Solicitors LLP
48 St Vincent Street
Glasgow
G2 5H

Scott and Co.
279 Bath Street
Glasgow
G2 4JL

TC Young LLP
7 West George Street
Glasgow
G2 1BA

Brodies LLP
Capital Square
58 Morrison Street
Edinburgh,
EH3 8BP

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

Langstane Housing Association Limited

Report of the Board of Management For the year ended 31 March 2026

The Board of Management present their report and audited financial statements for the year ended 31 March 2026.

Legal status

Langstane Housing Association Limited is a non-profit making organisation registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No: 1916R(S)). Registered with the Scottish Housing Regulator (No: HAL 145), Langstane is governed by its Rules which were updated in 2020. In recognition of the wide range of services provided Langstane is also a registered Scottish Charity (No: SC011754), and a registered Property Factor (No: PF 000666).

Principal activities

The principal activity of Langstane Housing Association is the provision and management of affordable homes and services to primarily single working age people in housing need. Langstane has a portfolio of 2,877 self-contained homes, 4 hostels, 6 commercial units, 50 shared ownership homes, and manages 5 lead tenancies.

Operating in the Northeast of Scotland for almost 50 years, Langstane is embedded in the Seaton community and heavily involved with support agencies across all three local authority areas (Aberdeen, Aberdeenshire and Moray). Alongside regularly housing a higher percentage of people who have been homeless, a number of homes are provided to local authorities and support agencies to alleviate homelessness and support vulnerable members of the community.

Subsidiaries

Langstane has three wholly owned subsidiary companies one of which is active. All are non-charitable companies limited by shares. These are:

- Langstane Property Limited
- Langstane Developments Limited – currently dormant
- Langstane Maintenance Limited – currently dormant

Langstane Housing Association and its subsidiary companies are known informally as the Langstane Group. On May 16, 2025 the Scottish Government approved the transfer of the mid-market homes, rented through Langstane Property Limited, to social housing in Langstane Housing Association. Following consultation with the affected tenants the lease between Langstane Housing Association and Langstane Property Limited for the rental of the mid-market properties was terminated and Langstane Property Limited has now ceased trading.

Vision, mission and values

The Group's Business Plan (2024-2029) reaffirms our commitment to helping our tenants thrive in their communities and achieving value for money by operating as efficiently and effectively as possible.

Our vision was strengthened to 'empower our people, customers and communities to be the best they can be', to achieve our mission of 'providing homes and services that make a positive difference to people's lives'.

Langstane Housing Association has an elected Board of Management whose responsibility is to provide strategic direction to the Association. In addition to the Board of Management there are three permanent sub-Committees; Audit and Governance, People and Performance also ad-hoc committees

Vision, mission and values (continued)

are established as required to deal with any specific matters. Training and support is provided to all members of the governing body to ensure overall governance standards and compliance with regulatory requirements.

Risk management is embedded within the Association and a five-year business plan sets out how the Association and its subsidiaries will prioritise activities year on year ensuring risks are mitigated as far as is practical.

Responsibility for delivery of business plan rests with the leadership team supported by an internal management plan and a performance framework that sets down actions and targets for individual departments, teams and employees. Key performance indicators are reported to the Board on a regular basis and are published on the Association's website.

I Review of business and future developments

Current year operating performance

Housing

339 homes were let during the year (2025: 353) and while we have yet to achieve pre-pandemic average relet times, this year saw an improvement from 61.8 days to 47.2 days. Rent loss has also reduced from 1.8% to 1.5% in conjunction with a decrease in the number of offers of housing which are refused.

Gross arrears fell to 7.5% from 7.6% in the prior year. Rent collected remains relatively static at 99.4% alongside the number of tenants in receipt of welfare benefits toward housing costs at 62%. The Association continues to provide in-house financial inclusion and housing support services to maximise tenant income and improve tenancy sustainment. Targeted work throughout the year to tackle complex anti-social behaviour has seen positive results and new technology to improve rent collection and allow employees to work remotely were implemented.

During the year the Association took part in several partnership working opportunities to improve access to services between housing providers and support agencies and reduce homelessness; such as the Aberdeen Taking and Activation Partnership and Homewards in association with the Royal Foundation.

Customer Engagement

A new tenant participation strategy was launched during the year and the neighbourhood walkabouts continue to be popular with tenants across the three local authority areas with action points raised being addressed and monitored.

Our tenant scrutiny panel continues to meet regularly and has been involved in reviewing both policies and performance as well as working on specific projects, including involvement in the tender exercise for new grounds maintenance contractors and reviewing how our homes are allocated.

Annual Assurance Statement

From April 2019 all social landlords are required to make an Annual Assurance Statement to the Scottish Housing Regulator. This is in relation to their compliance with regulatory governance and financial management standards. This annual statement is a way for Boards to assure themselves, and

Annual Assurance Statement (continued)

their tenants and other customers, they comply with regulatory requirements or disclose areas where improvements are required. Following Audit and Governance Committees' review of significant evidence, and reporting to the full Board of Management, Langstane Housing Association continues to report a compliant status.

Responsive repairs

Maintaining Langstane's homes to a high standard remains a key priority for the Association. During 2025/26, a total of 9,676 responsive repairs were completed, representing a slight increase compared to the previous year. Approximately 25% of these repairs were delivered by the in-house repairs team, with the remaining 75% carried out by external contractors.

Planned and cyclical maintenance

In 2025/26, Langstane delivered a range of planned and reactive improvement works across its housing stock. This included 16 kitchen replacements and 56 Bathroom replacements, alongside window replacements in 69 properties. A total of 20 heating systems were upgraded or replaced, in addition to 152 reactive boiler replacements. The Association also completed 10 full Air Source Heat Pump installations and a further 4 reactive replacements.

Cyclical painting works were carried out across 27 developments, while 5 door entry systems were upgraded. In addition, 39 electric storage heating upgrades were completed, improving energy efficiency and comfort for tenants.

Works Scheduled for 2026/27

Works scheduled for 2026/27 include 14 bathroom replacements, 28 kitchen installations, and 38 window replacements. In addition, 8 door entry systems will be upgraded, alongside wider heating improvements, including 20 electric storage heating upgrades to high heat retention heaters. These upgrades will be supported through grant funding from the Scottish Government's Social Housing Net Zero Heat Fund and will be complemented by the installation of solar panels and environmental monitoring systems.

Further planned works include 21 gas radiator replacements across properties, with an anticipated 197 reactive boiler replacements expected to be delivered over the year.

During the current financial year, solar panels and battery storage units were installed across 36 homes, enabling tenants to make use of stored renewable energy at times most convenient for them. Through Octopus Energy's 'Tenant Power' tariff, tenants benefit from discounted electricity of up to 30% with no upfront costs.

This scheme promotes renewable energy benefits and helps reduce fuel poverty. As a result of these interventions, Energy Performance Certificate (EPC) ratings in participating homes have improved significantly, typically increasing from band D to high band B (ratings of 88–91).

In addition, work is underway in partnership with Greenversity Ltd to assess homes currently using electric storage heating and Mechanical Ventilation with Heat Recovery (MVHR) systems. Planned upgrades from April 2026, funded through the ECO4 programme will include improved high heat retention heating, enhanced insulation, and the integration of additional renewable technologies, further improving energy efficiency and tenant comfort.

Current year financial performance

Turnover

The Association's turnover for the year is £19.0m compared to £18.2m in 2024/25. The increase primarily relates to a rental increase of 3.9% from April 1, 2025 which has an increased rental income by £790,333. There has also been a higher number of rechargeable repairs during the year from £295,250 in 2024/25 to £475,892 in the current financial year although recovery of these balances from tenants continues to be an issue for the Association.

Providing an offset to this is the reduction in income from Langstane Property Limited. The management charges received by the Association decreased to £56,599 from £261,528 in the previous financial year as the properties were only leased to Langstane Property Limited for 3 months of the financial year.

Operating Costs

Operating costs have decreased £1.1m compared to 2025. Current year operating costs are £15.1m down from £16.3m in the previous year.

The reason for this significant decrease is that in the previous financial year there was a write down in relation to the value of the office at 680 King Street, Aberdeen of £1,236,341 and a £297,000 impairment charge relating to 2 development sites. If these costs are removed from the prior year then the total operating cost figure is consistent over the 2 years.

Net Finance Costs

Interest costs are lower by £245,361 year on year as;

- £2.1m has been repaid to lenders on fixed rate loans so the interest charge is lower as the principal amount has reduced and
- The base rate of interest has been cut so variable rate borrowing is relatively less expensive

Pension

No pension deficit payments were required to be made by the Association during the current financial year. However deficit payments have resumed from April 1, 2026. Please refer to note 25 for detail on current year and deficit payments.

Assets/Liabilities

The overall statement of financial position remains strong with relatively low levels of debt. Within this there is a Net Current Liability position of £3.4m (2025: £3.6m) due to the Association holding relatively low levels of current assets and the balance of Housing Association Grant due in less than one year which is a non cash item. Consequently the net current liability position is not a concern and should also be viewed in conjunction with high value of housing properties (£132.2m).

The actual Cash position was £1.5m as at 31 March 2026 (2025: £1.5m). Focus has been placed on maintaining our cash position during the financial year. There remains £5m available to be drawn down from the Revolving Credit Facility with the Bank of Scotland. As in previous years, there were no breaches of financial covenants or treasury management policy in the year.

Langstane Housing Association Limited

Report of the Board of Management For the year ended 31 March 2026

Langstane Property Limited

The subsidiary company, Langstane Property Limited, made a loss in the year of £18,766 (2025: Loss £23,747).

Langstane Property Limited ceased trading during 2025 as the mid-market rental properties which were leased to it by the Association were converted to social rents. Consequently the lease between the parties ended on June 30, 2026 and the properties are now leased to tenants via the Association directly. It is the intention that Langstane Property Limited becomes dormant in 2026-2027.

Risks and Uncertainties

The overall risk appetite is determined by the Board of Management and is influenced by the capacity of the Association to manage the risk if it were to materialise, the longer-term consequences of the risk and the return achieved by taking such risks.

In general, Langstane Housing Association has a relatively low level of appetite for risk which would impact its record on regulatory compliance, health and safety and possibly cause reputational damage.

Langstane Housing Association has a strong risk management framework in place. A strategic planning methodology called a STEEPLE analysis is used to discover, evaluate, organise, and track external risk to highlight events that may impact on our organisation or our customers. These are then analysed further and if required, added to our strategic risk register. Our strategic risk register is closely linked to this business plan. It is updated and reported upon quarterly. Currently the greatest risks faced, relate to the following:

- The impact on business activities due to high rent arrears, bad debts, increased costs (including insurance costs), and void losses / costs;
- The unknown financial commitments required to meet ever changing government directives within a short timeframe e.g. Social Housing Net Zero Standard;
- Changing demand for homes in existing areas and / or property type and size. Lack of demand / low demand; and
- The challenges brought about by the vulnerability of our client group in terms of arrear levels, antisocial behaviour, health and safety, tenancy sustainment, and costs.

These risks are mitigated by review by the Board of Management of budgets/projections and other management information. Various sub-committees meet regularly and any areas of concern would be communicated to the Board. At Langstane senior management are responsible for the day-to-day handling of issues and so are well placed to be aware and deal with potential problem areas.

Whilst mitigation actions are in place to reduce our potential losses, our ethos is to provide homes and services to support some of the most vulnerable members of our communities. Therefore, some of the risks detailed, will remain. Indeed, when economic hardship is being experienced globally, the challenges faced by our customers, rise.

Langstane Housing Association Limited

Report of the Board of Management For the year ended 31 March 2026

Key performance Indicators

The key indicators below are published in the Annual Return on the Charter annually to the Scottish Housing Regulator.

	2023/24	2024/25	2025/26
Rent lost through voids (%)	2.7%	1.8%	1.5%
Gross tenant arrears(%)	9.2%	7.6%	7.5%
Days to re-let a property	64.2	61.8	47.2

The voids and tenant arrears indicators above are key for the Association. Improvements have been made and management continues to focus on reducing voids, arrears and days to re-let as continued improvement will result in increased cash flow to the Association.

II Future Plans

Rental income is the primary revenue stream and the Group must maintain and grow this income by maintaining high occupancy rates while decreasing the number and length of time our homes remain empty alongside reducing rent arrears levels.

It is also important to ensure costs are minimised and the Group achieves value for money with constant review of spending plans and tight budgeting.

Everything which we wish to achieve will be done with our tenants as our focus. The Association will ensure that sufficient budget in place to ensure that spending on components and repairs remains relatively high.

The following commitments have been identified in the Group's Business Plan and Asset Management Strategies;

By 2029:

- We will be actively future-proofing our property portfolio to ensure it is resilient
- We will be visibly demonstrating our commitment to achieving net zero / decarbonisation by 2045
- We will be continuing to ensure the safety of our homes and communities
- We will be delivering a repairs and maintenance service that is modern, proactive and professional and offers an excellent customer experience
- We will have returned to development

Our ability to perform this work and return to development is dependent on securing additional external funding. We are currently working to secure this funding to enable us to pursue our ambitions. Once the funding and restructuring of current borrowing is in place we will return to development. This process is at an advanced stage and it is expected we will return to development before the end of this year.

Going Concern

The financial position of the Group continues to be monitored closely and the budget and 30 year projections are reviewed and stress tested for potential negative impacts. There is nothing that gives rise to any issues regarding going concern. The Board of Management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of these financial statements.

**Report of the Board of Management
For the year ended 31 March 2026**

Board of Management

The members of the Board of Management and the Executive Officers are listed on Page 1. Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board of Management.

The members of the Board of Management are also Trustees for Charity Law purposes. Members of the Board are appointed by the members at the Association's Annual General Meeting.

On May 5, 2026, Helen Gauld formally announced her decision to retire as Chief Executive of the Association. Subsequently the Board of Management have been active in the process of appointing a successor. Following the appointment of a suitable candidate and an fitting handover period Helen will retire from the Association.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation requires the Board of Management to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- the maintenance and integrity of the corporate and financial information included on the Langstane Housing website

The Board of Management is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board of Management must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements (February 2019) contained within the act. The Scottish Housing Regulator's standards of governance and financial management for Registered Social Landlords must be followed. The Board of Management is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board of Management's Statement of Internal Financial Control

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

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

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives.

Key elements of the Association's systems include ensuring:

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

Langstane Housing Association Limited

**Report of the Board of Management
For the year ended 31 March 2026**

Board of Management's Statement of Internal Financial Control (continued)

The effectiveness of the Association's system of internal financial control has been reviewed by the Board of Management for the year ended 31 March 2026. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board of Management

Secretary



Date:

02/09/26

Langstane Housing Association

Report by the Auditors to the Members of Langstane Housing Association Limited on Corporate Governance Matters

For the year ended 31 March 2026

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 10 and 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 10 and 11 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.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: **03/09/26**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGSTANE HOUSING ASSOCIATION

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt 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 of Management with respect of going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

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

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

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:

- proper books of account have not been kept by the Association in accordance with section 75; or
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with section 75; or
- the income account and the balance sheet are not in agreement with the books of account of the Association; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we consider necessary for the purposes of our audit.

Responsibilities of the Board of Management

As explained more fully in the Board of Management's responsibilities statement set out on pages 9-11, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

**Independent Auditor's Report to the Members of Langstane Housing Association Limited
For the year ended 31 March 2026**

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- 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 the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and 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.

The most significant laws and regulations that have an indirect impact on the financial statements are the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Acts 2006, 2010 and 2014, the Charities and Trustee Investment (Scotland) Act 2005, the Scottish Housing Regulator's Regulatory Framework (published 2019) and the Data Protection Act. We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition in relation to grant and rental income as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates. In respect of grant and rental income, audit procedures performed included assessing a sample of grants pre and post year end to confirm recorded in the correct period; and evaluating a sample of rent on properties to confirm that this was calculated correctly and any voids were appropriately treated.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://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 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
2 Semple Street
Edinburgh
EH3 8BL

Date **03/09/26**

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Langstane Housing Association

Statement of Comprehensive Income
For the year ended 31 March 2026

	Notes	2026		2025	
		£	£	£	£
TURNOVER	2		18,979,052		18,150,169
Operating Costs	2		(15,139,638)		(16,277,211)
Gain on Sale of Housing Property	7		<u>191,703</u>		<u>37,706</u>
OPERATING SURPLUS	9		4,031,117		1,910,664
Interest Receivable and Other Income		18,256		58,755	
Interest Payable and Similar Charges	8	(1,693,062)		(1,938,423)	
Other Finance charges	11	<u>(102,008)</u>	(1,776,814)	<u>(95,795)</u>	(1,975,463)
Surplus/(loss) for the year			<u>2,254,303</u>		<u>(64,799)</u>
Other Comprehensive Income					
Actuarial gains on defined benefit pension plan	25		173,000		167,000
TOTAL COMPREHENSIVE SURPLUS			<u>2,427,303</u>		<u>102,201</u>

The notes on pages 21 to 38 form part of these financial statements.

Langstane Housing Association Limited

**Statement of Financial Position
For the year ended 31 March 2026**

	Notes	2026		2025	
		£	£	£	£
FIXED ASSETS					
Housing Properties	12(a)		132,194,222		133,538,432
Other Fixed Assets	12(b)		<u>1,506,442</u>		<u>1,621,640</u>
			133,700,664		135,160,072
INVESTMENTS					
Investments in subsidiaries	14		3		3
CURRENT ASSETS					
Stock		54,829		78,486	
Trade and other debtors	15	1,348,281		1,427,971	
Cash and cash equivalents		<u>1,541,399</u>		<u>1,477,128</u>	
		2,944,509		2,983,585	
CREDITORS: Amounts falling due within one year	16	<u>(6,406,051)</u>		<u>(6,549,106)</u>	
NET CURRENT LIABILITIES			<u>(3,461,542)</u>		<u>(3,565,521)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			130,239,125		131,594,554
CREDITORS: Amounts falling due after more than one year	17		(28,951,871)		(31,072,949)
PENSION LIABILITY					
Scottish Housing Association Pension Scheme	25		(1,208,000)		(1,305,000)
DEFERRED GRANTS					
Social Housing Grants	18	(68,205,664)		(69,896,769)	
Other Grants	18	<u>(3,070,613)</u>		<u>(2,944,112)</u>	
			(71,276,277)		(72,840,881)
NET ASSETS			<u>28,802,977</u>		<u>26,375,724</u>
RESERVES					
Share Capital	21		62		112
Revenue Reserves			29,802,698		27,548,395
Pension Reserve			(999,783)		(1,172,783)
			<u>28,802,977</u>		<u>26,375,724</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 02/09/26

M Martin

Chairperson

[Signature]

Vice Chairperson

[Signature]

Secretary

The notes on pages 21 to 38 form part of these financial statements.

Langstane Housing Association Limited

Statement of Cashflows

For the year ended 31 March 2026

	Notes	2026	2025
		£	£
Net Cash Inflow from Operating Activities	19	5,737,228	4,258,165
Investing Activities			
Acquisition and Construction of Properties	(2,225,267)	(1,824,539)	
Purchase of Other Fixed Assets	(21,131)	(7,688)	
Proceeds on Disposal of Properties	279,400	155,571	
Interest Received on Cash and Cash Equivalents	18,256	58,755	
Net Cash Outflow from Investing Activities		(1,948,742)	(1,617,901)
Financing Activities			
Interest Paid on Loans	(1,693,062)	(1,968,870)	
Loan Principal Repayments	(2,121,077)	(2,073,458)	
Other Finance Repayments	(76,000)	(69,000)	
Grants Repaid to Scottish Government	(51,310)	(78,028)	
Grants Received	217,284	-	
Share Capital Cancelled/Issued	(50)	5	
Net Cash Outflow from Financing Activities		(3,724,215)	(4,189,351)
Increase/(Decrease) in Cash		64,271	(1,549,087)
Opening Cash & Cash Equivalents		1,477,128	3,026,215
Closing Cash & Cash Equivalents	20	1,541,399	1,477,128
Cash and Cash equivalents as at 31 March			
Cash		1,541,399	1,477,128

The notes on pages 21 to 38 form part of these financial statements.

Langstane Housing Association Limited

Statement of Changes in Reserves
For the year ended 31 March 2026

	Share Capital	Pension Reserve	Revenue Reserves	Total
	£	£	£	£
Balance as at 1st April 2024	107	(1,379,000)	27,613,194	26,234,301
Opening Adjustment to Pension Reserve	-	39,217	-	39,217
Issue of Shares	5	-	-	5
Other comprehensive income – pension scheme	-	167,000	-	167,000
Loss for Year	-	-	(64,799)	(64,799)
Balance as at 31st March 2025	<u>112</u>	<u>(1,172,783)</u>	<u>27,548,395</u>	<u>26,375,724</u>
Balance as at 1st April 2025	112	(1,172,783)	27,548,395	26,375,724
Cancellation of Shares	(50)	-	-	(50)
Other comprehensive income – pension scheme	-	173,000	-	173,000
Surplus for Year	-	-	2,254,303	2,254,303
Balance as at 31st March 2026	<u>62</u>	<u>(999,783)</u>	<u>29,802,698</u>	<u>28,802,977</u>

The notes on pages 21 to form part of these financial statements.

Langstane Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2026

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

Langstane Housing Association Limited is a Registered Social Landlord incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a Scottish Charity. Langstane Housing Association Limited meets the definition of a Public Benefit Entity. Details of the registered office are provided on page 1.

The principal activity of the Association is the provision of social housing and associated housing management and property maintenance services.

Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention. There are no instruments at fair value.

These statements are presented in £'s Sterling, unless otherwise stated.

Going Concern

The Board of Management consider that it is appropriate to prepare the financial statements on the going concern basis. The Board of Management has reviewed the budget and cashflow projections as part of the annual budget discussion for 2026-27, the submission to the Scottish Housing Regulator of the five-year financial projections and the integrity of a 30-year financial plan. The Board recognises that the Association faces a number of challenges in the future, not all of which are within its control – inflation, interest rates, legislative requirements – and reviews sensitivity analysis undertaken by management which includes updated forecasts and cashflow projections. Various scenarios are tested to establish what would breach loan covenants and cash levels set by the treasury management policy. Rent arrears and voids are closely managed as well as the planned maintenance activity. The Board are satisfied that there is no significant long-term impact on the Association's financial position and no material uncertainties have been identified at this time.

On the basis of the above, the Board of Management has a reasonable expectation that the Association has adequate resources to continue for the foreseeable future and that it continues to be appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Key Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates concerning the future. Judgements and estimates are based on experience, advice from experts and other factors. The resulting accounting may not equal the eventual results. The items in the financial statements where such judgements and estimates have been made are disclosed below.

a) The Categorisation of Housing and Commercial Properties

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

c) Financial Instruments

The Association's loans from its funders are judged by management to be basic financial instruments under the definition in FRS 102 and are accounted for under the amortised cost method as detailed below. This includes loans with break clauses.

d) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

e) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors. The useful lives are revisited at each reporting date.

f) Defined benefit pension liability

Management's estimate of the defined benefit pension obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation and the annual defined benefit expenses.

g) Classification of gain on disposal of housing properties

Gains or losses on disposal of housing properties are deemed to be part of the operating activities of the Association.

h) Dilapidations provision

Where the Association has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease.

Turnover

Turnover represents rental and service charge income receivable (net of voids), grants receivable from Government and non-government sources, Government grants released from deferred income and sales of housing, comprising first tranche sales of shared ownership properties. Rental and service charge income is recognised from the date that the property is let. Income from first tranche sales of shared ownership properties is recognised on legal completion of the sales transaction. Grants are covered below.

Operating Surplus

The operating surplus represents the difference between revenue and expenditure from normal business activity before taking account of any interest or similar charges payable on financial borrowings. Annual operating surpluses can be the result of events or circumstances which occur in a particular fiscal year which may not be anticipated to happen in future years. Generally, the Association forecasts an annual operating surplus which is used for investment in its housing stock.

Housing Association Grant and Other Grants

Housing Association Grant (HAG) is paid directly to the Association as required to meet its liabilities during the development process. Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model. These are held as deferred capital grants.

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

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Housing Association Grant and Other Grants (continued)

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

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme where retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations as a whole. The Association accounts for this Scheme as a defined benefit pension scheme in accordance with FRS102.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development expenditure and interest charged on the funds used to finance housing projects in the development period up to practical completion. Assets under Construction are not depreciated.

Works to existing properties will generally be capitalised under the following circumstances: where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to operating costs within the Statement of Comprehensive Income.

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

Component	Useful Economic Life
Land	Not depreciated
Structure	80 years
Roof	60 years
Kitchens	15 - 25 years
Electrics and Solar Panels	30 years
Bathrooms	25 years
Heating Systems	20 years
Boilers and Heat Pumps	10 - 20 years
Radiators	20 years
Entry Systems	20 years
Windows	25 years
Lifts	30 years
Battery Storage	20 years

Impairment

Reviews for impairment indicators of housing properties are carried out on an annual basis and any resultant impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income. Indicators of impairment can be: contamination of land; a change in government policy that has a material impact on the net income; a change in demand with a material increase in the level of voids; impact of material change in market valuation or obsolescence of a property. If there is an indication of impairment, an impairment review is undertaken whereby the carrying amount of the asset is compared to the recoverable amount. If the recoverable amount is lower than the carrying value, the Association will record impairment. The recoverable amount is the higher of value in use of the asset, based on its service potential, and fair value less costs to sell.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Depreciation and Impairment - Other Non-Current Assets

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

Commercial properties	50 years
Association office buildings	50 years
Office equipment	5 years

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Sales of Housing Properties

Langstane has developed properties for sale on a shared ownership basis, which allows prospective homeowners to purchase initial tranches at market value. After one year the sharing owner may increase his/her share of ownership. The apportioned cost of the initial tranche is recorded as a current asset with the remaining balance held as a tangible fixed asset. The sale of initial tranches is accounted for through income, where sales proceeds are shown in turnover and the appropriate proportion of the cost of the property sold charged to cost of sale. Sales of subsequent tranches are accounted as disposals of tangible fixed assets.

Any grants received that cannot be repaid from the proceeds of sale are abated and credited to income.

Disposals of housing property within operating surplus are treated as a non-current asset disposal and any gain or loss on disposal accounted for within operating surplus.

Leases/Leased Assets

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

Investment in Subsidiaries

The Association's investment in its subsidiary companies is accounted for at cost less any impairment.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Housing Property Managed by Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

Stock

Stock of maintenance materials have been valued at lower of cost and net realisable value. Cost is defined as supplier invoice price.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial Instruments

The Association has elected to apply the provisions of Section 11 “Basic Financial Instruments” and section 12 “Other Financial Instruments Issues” of FRS102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets – Trade and Other Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and Other debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Financial Liabilities – Trade and Other Creditors

Trade and Other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits maturing within one year.

Reserves

Reserves consist of the revenue reserve; which records all income and expenditure earned over time, and the pension reserve, which sets off against this revenue reserve equal to the pension liability value as at the year end date.

Langstane Housing Association Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2026

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Notes	Turnover £	Operating costs £	Gain on sale of housing stock £	2026 Operating Surplus £	2025 Operating Surplus £
Affordable letting activities	3	18,692,146	(15,047,546)	191,703	3,836,303	2,763,185
Other activities	4	286,906	(92,092)	-	194,814	(852,521)
Total current year		18,979,052	(15,139,638)	191,703	4,031,117	1,910,664
Total from prior year		18,150,169	(16,277,211)	37,706	1,910,664	

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Hostels £	Shared ownership £	2026 Total £	2025 Total £
Revenue from Lettings					
Rent Receivable Net of Service Charges	15,529,202	255,725	138,490	15,923,417	15,133,084
Service Charges	695,275	2,730	15,242	713,247	649,015
Gross income from rent and service charges	16,224,477	258,455	153,732	16,636,664	15,782,099
Less: Rent losses from voids	(238,062)	-	(1,643)	(239,705)	(259,186)
Net Rents Receivable	15,986,415	258,455	152,089	16,396,959	15,502,913
Grants released from deferred income	1,792,975	18,769	7,551	1,819,295	1,898,994
Rechargeable Repairs	475,892	-	-	475,892	295,250
Total turnover from affordable letting activities	18,255,282	277,224	159,640	18,692,146	17,697,157
Expenditure on affordable letting activities					
Management and maintenance administration costs	5,019,302	1,659	-	5,020,961	4,846,357
Service Costs	672,776	2,730	-	675,506	635,250
Planned and cyclical maintenance, including major repairs	1,172,666	15,543	-	1,188,209	1,536,870
Reactive maintenance costs	4,092,384	68,860	-	4,161,244	3,867,469
Bad Debts - rents and service charges	165,134	-	-	165,134	115,577
Bad Debts – rechargeable repairs	461,752	-	-	461,752	224,917
Impairment of development sites	-	-	-	-	297,000
Depreciation of affordable let properties	3,320,676	25,811	28,253	3,374,740	3,448,238
Operating costs of affordable letting activities	14,904,690	114,603	28,253	15,047,546	14,971,678
Gain on sale of housing property	134,560	-	57,143	191,703	37,706
Operating surplus on affordable letting activities	3,485,152	162,621	188,530	3,836,303	2,763,185
Total from prior year	2,441,686	157,704	163,795	2,763,185	

Langstane Housing Association Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2026

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES

	Supporting People Income	Operating Other Income	Total Turnover	Total Operating Costs	Surplus 2026	Surplus / (Deficit) 2025
	£	£	£	£	£	£
Wider role activities	38,033	-	38,033	(38,033)	-	-
Commercial leases	-	93,991	93,991	(45,142)	48,849	73,117
Other activities	-	90,532	90,532	(8,917)	81,615	34,512
Charitable donations	-	1,765	1,765	-	1,765	519
Mid-market rental income	-	56,599	56,599	-	56,599	261,528
Management charges from subsidiary/other	-	5,986	5,986	-	5,986	14,144
Impairment charge of office building (note 12b)	-	-	-	-	-	(1,236,341)
Total from Other Activities	38,033	248,873	286,906	(92,092)	194,814	(852,521)
Total from Other Activities – Prior Year	34,515	418,497	453,012	(1,305,533)	(852,521)	

5. KEY MANAGEMENT PERSONNEL

Key management personnel are defined as members of the Board, the Chief Executive and the Directors as noted on page 1.

	2026 £	2025 £
Aggregate Emoluments payable to Key Management Personnel (excluding Pension Contributions)	341,066	345,881
Pension contributions made on behalf of Key Management Personnel	<u>31,782</u>	<u>34,588</u>
Emoluments paid to Key Management Personnel	<u>372,848</u>	<u>380,469</u>
Emoluments payable to Chief Executive (excluding pension contributions)	109,912	106,274
Pension contributions made on behalf of Chief Executive	<u>10,893</u>	<u>10,627</u>
Total Emoluments paid to Chief Executive	<u>120,805</u>	<u>116,901</u>

Board of Management members received £1,328 (2025 : £1,479) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties in the Association.

The number of Key Management Personnel, including the highest paid Officer, who received emoluments (excluding pension contributions) was in the following ranges:-

	2026	2025
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
£80,001 to £90,000	1	2
£90,001 to £100,000	-	-
£100,001 to £110,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2026	2025
The average monthly number of full-time equivalent persons employed during the year was:	<u>75</u>	<u>76</u>
The average total number of Employees employed during the year was	<u>80</u>	<u>81</u>
Staff Costs were:	£	£
Wages and Salaries	2,879,719	2,836,588
Social Security Costs	348,060	269,568
Other Pension Costs	267,894	268,959
Temporary, Agency and Seconded Staff	<u>40,539</u>	<u>11,377</u>
	<u>3,536,212</u>	<u>3,386,492</u>

Included in Wages and Salaries costs above is £10,777 (2025: £nil) paid under a settlement agreement to an ex-employee. This payment was approved by the Board of Management and notification made to the Scottish Housing Regulator.

7. GAIN ON SALE OF HOUSING PROPERTY

	2026	2025
	£	£
Sales Proceeds	279,400	157,875
Carrying value of assets disposed	(92,517)	(72,487)
Grants repaid to Scottish Government	(39,397)	(78,028)
Less Advertising / Legal Fees	(7,093)	(2,304)
Disposals of deferred capital grant	51,310	32,650
Gain on Sale of Housing Property	<u>191,703</u>	<u>37,706</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2026	2025
	£	£
On Bank Loans & Overdrafts	<u>1,693,062</u>	<u>1,938,423</u>
	<u>1,693,062</u>	<u>1,938,423</u>

9. OPERATING SURPLUS

	2026	2025
	£	£
Operating Surplus is stated after charging/(crediting):-		
Depreciation – Housing Properties	3,374,740	3,448,239
Depreciation – Other Fixed Assets	136,329	159,519
Impairment of Office Building	-	1,236,341
Impairment of Development Sites	-	297,000
Amounts charged under Operating Leases	18,541	40,614
Auditors' Remuneration - Audit Services	32,364	35,535
Auditors' Remuneration – Non Audit Services	4,400	-
Gain on sale of Housing Properties	<u>(191,703)</u>	<u>(37,706)</u>

10. TAX ON OPERATING ACTIVITIES

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

11. OTHER FINANCE CHARGES

	2026	2025
	£	£
Net Interest charge on pension obligation	76,000	69,000
Financing charges on Revolving Credit Facility (RCF)	<u>26,008</u>	<u>26,795</u>
	<u>102,008</u>	<u>95,795</u>

12 FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Lead Tenancies Held for Letting £	Shared Ownership Held for Letting £	Total £
COST					
As at 1st April 2025	196,330,665	1,588,114	121,866	1,734,978	199,775,623
Transfer between classes	61,638	-	-	(61,638)	-
Additions – Works to existing properties	2,198,937	-	-	26,330	2,225,267
Disposals	(921,553)	-	-	(42,674)	(964,227)
As at 31st March 2026	197,669,687	1,588,114	121,866	1,656,996	201,036,663
DEPRECIATION & IMPAIRMENT					
As at 1st April 2025	64,875,141	873,534	31,483	457,033	66,237,191
Transfer between classes	7,358	-	-	(7,358)	-
Charge for Year	3,343,905	-	2,636	28,199	3,374,740
Disposals	(761,017)	-	-	(8,473)	(769,490)
As at 31st March 2026	67,465,387	873,534	34,119	469,401	68,842,441
NET BOOK VALUE					
As at 31st March 2026	130,204,300	714,580	87,747	1,187,595	132,194,222
As at 31st March 2025	131,455,524	714,580	90,383	1,277,945	133,538,432

Additions to housing properties includes capitalised development administration costs of £nil (2025: £nil) and capitalised major repair costs to existing properties of £nil (2025: £nil). All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £7,574,720 (2025: (£7,228,886)). The amount capitalised is £2,225,267 (2025: £1,824,539) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £2,225,267 (2025: £1,824,539) and improvements of £nil (2025: £nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £49,130,052 (2025: £48,109,506).

The value of land included in the above at March 31, 2026 was £24,825,235 (2025: £25,136,533).

b) Other Tangible Assets	Furniture, Fittings & Equipment £	Office Premises £	Commercial Property £	Total £
COST				
As at 1st April 2025	767,703	3,480,434	1,279,705	5,527,842
Additions	21,131	-	-	21,131
As at 31st March 2026	788,834	3,480,434	1,279,705	5,548,973
DEPRECIATION & IMPAIRMENT				
As at 1st April 2025	711,739	2,380,433	814,029	3,906,201
Charge for year	44,537	65,386	26,407	136,330
As at 31st March 2026	756,276	2,445,819	840,436	4,042,531
NET BOOK VALUE				
As at 31st March 2026	32,558	1,034,615	439,269	1,506,442
As at 31st March 2025	55,964	1,100,000	465,676	1,621,640

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

	2026 £	2025 £
Land and Buildings		
Not later than one year	11,693	11,693
Later than one year and not later than five years	<u>38,002</u>	<u>46,772</u>
Other		
Not later than one year	6,653	6,849
Later than one year and not later than five years	<u>4,983</u>	<u>-</u>

14. INVESTMENTS

	2026 £	2025 £
Investments	<u>3</u>	<u>3</u>

Details of the Association's subsidiaries at 31 March 2026 are as follows:

Name of undertaking	Registered Office	Nature of business	Class of shares held	Direct % Held
Langstane Developments Limited	680 King Street, Aberdeen, AB24 1SL	Dormant	Ordinary	100
Langstane Maintenance Limited	As above	Dormant	Ordinary	100
Langstane Property Limited	As above	No longer trading	Ordinary	100

15. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026 £	2025 £
Rent & Service Charges	2,709,776	2,552,073
Less: Provision for Doubtful Debts	(2,131,574)	(2,002,688)
	578,202	549,385
Prepayments and accrued income	712,052	669,176
Other debtors	29,828	101,083
HAG receivable	28,199	28,199
Amounts owed from group undertakings	-	80,128
	<u>1,348,281</u>	<u>1,427,971</u>

The amount of £72,478 due from Langstane Property Limited has been expensed as the entity does not have the necessary funds to settle the amount due. Please see page 3 subsidiaries for further information.

16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026 £	2025 £
Housing Loans (note 17)	2,121,076	2,121,079
Trade Payables	522,722	411,411
Rent in Advance	408,832	375,924
Social Housing and Other Grants (note 18)	1,819,289	1,908,000
Other Taxation and Social Security	74,960	68,254
Other Payables	35,608	37,817
Accruals and deferred income	1,423,564	1,626,621
	<u>6,406,051</u>	<u>6,549,106</u>

At the balance sheet date there are no pension contributions outstanding (2025: nil).

17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2026 £	2025 £
Housing Loans	28,951,871	31,072,949
	<u>28,951,871</u>	<u>31,072,949</u>
Housing Loans		
Amounts due within one year	2,121,076	2,121,076
Amounts due in one year or more but less than two years	2,121,076	2,121,076
Amounts due in two years or more but less than five years	19,039,077	21,160,154
Amounts due in more than five years	7,791,718	7,791,722
	31,072,947	33,194,028
Less: Amount shown in Current Liabilities (note 16)	(2,121,076)	(2,121,079)
	<u>28,951,871</u>	<u>31,072,949</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows

Lender	Security	Effective interest rate	Maturity	Variable/fixed
Lloyds Bank PLC	Standard Security over 549 properties	5.4%	2028 & 2031	Fixed
Santander	Standard security over 251 properties	5.6%	2035	Fixed
Bank of Scotland PLC	Standard Security over 495 properties	4.9%	2028	Variable

The Bank of Scotland finance constitutes a 5 year revolving credit facility which is repayable in April 2028. The remaining borrowings are repayable on a quarterly, six monthly or annual basis with the principal being amortised over the terms of the loan.

18. DEFERRED GRANTS	2026 £	2025 £
Social Housing Grants		
Balance as at 1st April 2025	71,751,156	73,790,141
Grants received during year	23,000	-
Released/repaid as the result of property disposal	(51,310)	(32,650)
Released due to end of lead tenancy	-	(160,954)
Amortisation in year	(1,758,591)	(1,845,381)
Balance as at 31st March 2026	69,964,255	71,751,156
Other Grants		
Balance as at 1st April 2025	2,997,725	3,051,338
Grants received during year	194,284	-
Amortisation in year	(60,698)	(53,613)
Balance as at 31st March 2026	3,131,311	2,997,725

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2026 £	2025 £
Amounts due within one year	1,819,289	1,908,000
Amounts due in one year or more	71,276,277	72,840,881
	73,095,566	74,748,881

19. STATEMENT OF CASH FLOWS	2026 £	2025 £
Reconciliation of operating surplus		
Operating Surplus	4,031,117	1,910,664
Depreciation	3,395,871	3,607,758
Gain on sale of housing stock	(191,703)	(37,706)
Amortisation of Capital Grants	(1,819,289)	(1,898,994)
Decrease/(Increase) in stocks	23,657	(18,110)
Decrease/(Increase) in debtors	79,686	(77,422)
Decrease in creditors	(54,342)	(1,110,018)
Pension movement	27,199	(108,217)
Impairment of office building	-	1,236,341
Impairment of development sites	-	297,000
Write down of asset/grant due to end of tenancy/disposals	142,246	490,584
Write Down of replaced components	102,786	(33,715)
Balance as at March 31, 2026	5,737,228	4,258,165

20. CASH FLOW - NET DEBT ANALYSIS

Analysis of changes in net funds	1 April 2025 £	Cash Flow £	Non Cash Flows £	31 March 2026 £
Cash and cash equivalents				
Cash at bank and in hand	1,477,128	64,271		1,541,399
Borrowings				
Debt due within one year	(2,121,079)	2,121,081	(2,121,078)	(2,121,076)
Debt due after one year	(31,072,949)	-	2,121,078	(28,951,871)
	<u>(33,194,028)</u>	<u>2,121,081</u>	<u>-</u>	<u>(31,072,947)</u>
Total	<u>(31,716,900)</u>	<u>2,185,352</u>	<u>-</u>	<u>(29,531,548)</u>

21. SHARE CAPITAL

	2026 £	2025 £
Shares of £1 each Issued and Fully Paid		
At 1st April 2025	112	107
Issued in year	-	5
Cancelled in year	(50)	-
At 31st March 2026	<u>62</u>	<u>112</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

22. HOUSING STOCK

	2026 No.	2025 No.
The number of units of accommodation in management at the year-end was:-		
General Needs	2,877	2,879
Hostels	4	4
Commercial units	6	7
Lead Tenancies	5	5
Shared Ownership	50	52
	<u>2,942</u>	<u>2,947</u>

Housing Units owned by the Association and leased to another body:

Name of Organisation	2026 No.	2025 No.
Langstane Property Limited	<u>-</u>	<u>41</u>

23. RELATED PARTY TRANSACTIONS

Members of the Board of Management are related parties of the Association as defined by Financial Reporting Standard 102.

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage. There are no tenants on the Board of Management in 2025/26 (2024/25: no tenants).

Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms. There have been no transactions in the current or prior year.

The Association has transactions with its wholly owned subsidiary, Langstane Property Limited. In the year Langstane Property Limited was charged £59,319 (2025: £234,650) in respect of mid-market rental leases. As at the year end a balance of £72,478 was owed from Langstane Property Limited (2025: £80,128).

Langstane Property Limited effectively ceased trading during 2025 as the mid-market rental properties which were leased to it by the Association were converted to social rents. Consequently the lease between the parties has come to an end and the properties are now leased to tenants via the Association directly.

24. CONTINGENT LIABILITIES

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2025. As of this date the estimated employer debt for the Association is £2,645,533 (September 2024, £3,483,287).

The Board are aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

The Association has also been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability alongside the Court's judgement in respect of the Virgin Media case referred to above, following the hearing of the case in February 2025 (Verity Trustees vs. Wood).

The Pension Schemes Act 2026 was enacted into law on 29 April 2026 and provided that evidence can be provided of there being retrospective confirmation of historic amendments to scheme rules as being compliant with the statutory requirements, it is expected that these additional liabilities will not materialise. However; due to the ongoing considerations in respect of the Virgin Media case and the Verity Trustees Limited vs. Wood case, it is recognised that there could still potentially be an impact to the value of Scheme liabilities.

Until the outcome of the ongoing Court process is known (which is currently expected to be autumn 2026), it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, for the purposes of the 31 March 2026 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

25. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Association is an admitted body under the Scottish Housing Association Pension Fund, the assets of which are held in a separate trustee administered fund.

The last triennial valuation of the Scheme for funding purposes was carried out at September 30, 2024. The Scheme funding has therefore not progressed as hoped since 30 September 2021, the last valuation. The overall Scheme deficit had increased from £27.3m to £79.5m from 2021 to 2024. This led to a Recovery Plan which was required to address the deficit. The Association has been informed that, in relation to its share of the deficit, an annual contribution of £241,724 is to be made each year from April 1, 2026 for a period of 4 years. In addition, the Association will also have to pay Scheme expenses of £22,404 for 4 years.

The outcome of the court case in respect of the Scheme Benefit Review is not yet known. To allow the 2024 valuation to be concluded, both committees have agreed that the Recovery Plan repayment period may be extended for up to two years (up to 31 March 2032) in the event that the court judgment results in additional Scheme liabilities. This will allow employers to budget for an extension to the Recovery Plan, should this be required.

For the year ended 31 March 2026, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. Under the defined benefit pension accounting approach, the SHAPS net deficit as at 31 March 2026 is £1,208,000 (2025: £1,305,000). At the Statement of Financial Position date the present value of this obligation was £10,865,000 (2025: £11,036,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high-quality corporate bond with a similar term. The discount rate used was 6.02% (2025: 5.82%).

The Association made payments totaling £19,102 (2025: £18,543) to the Scheme during the year.

Assumptions as at:	2026 % p.a.	2025 % p.a.
Salary increases	4.02	3.79
Inflation (RPI)	3.33	3.10
Inflation (CPI)	3.02	2.79
Discount rate	6.02	5.82
Allowance for commutation for cash at retirement	75%	75%
	2026 Number	2025 Number
Employee members	17	20
Deferred pensioners	50	49
Pensioners	64	64
	<u>131</u>	<u>133</u>

25. RETIREMENT BENEFIT OBLIGATIONS (continued)

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 as summarised below:

	Males (Years)	Females (Years)
Current Pensioners	20.7	22.9
Future Pensioners	21.9	24.4
	2026	2025
Fair value of scheme assets by category	£000	£000
Growth Assets	4,867	4,890
Liquid Alternatives	1,846	1,792
Matching Plus	135	280
Liability Driven Investment	2,665	2,756
Net Current Assets	144	13
	<u>9,657</u>	<u>9,731</u>

None of the above assets includes any direct investment in the Association's assets.

	2026 £000	2025 £000
Net Pension Liability		
Fair value of employer's assets	9,657	9,731
Present value of scheme liabilities	(10,865)	(11,036)
Deficit in plan	<u>(1,208)</u>	<u>(1,305)</u>
Reconciliation of fair value of employer assets	2026 £000	2025 £000
Opening fair value of employer assets	9,731	10,547
Interest income	549	506
Contributions by the Employer	19	19
Experience on plan assets (excluding amounts included in interest income)	(27)	(884)
Estimated Benefits Paid	<u>(615)</u>	<u>(457)</u>
Closing fair value	<u>9,657</u>	<u>9,731</u>

The actual return on plan assets (including any changes in share of assets) over the year to 31 March 2026 was £522,000 (2025: £378,000).

	2026 £000	2025 £000
Reconciliation of defined benefit obligations		
Opening Defined Benefit Obligation	11,036	11,950
Expenses	19	19
Interest expense	625	575
Actuarial (Gains)/Losses due to scheme experience	(231)	272
Actuarial Losses due to changes in demographic assumptions	129	-
Actuarial (Gains) due to changes in financial assumptions	(98)	(1,323)
Benefits paid and expenses	<u>(615)</u>	<u>(457)</u>
Closing defined benefit obligation	<u>10,865</u>	<u>11,036</u>

25. RETIREMENT BENEFIT OBLIGATIONS (continued)

Analysis of amount charged to the Statement of Comprehensive Income	2026 £000	2025 £000
Charged to operating costs:		
Expenses	19	19
Net interest expense	76	69
Net Charge to the Statement of Comprehensive Income	95	88
	2026 £000	2025 £000
Actuarial Gain recognised in other comprehensive income		
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(27)	(889)
Experience gains and losses arising on the plan liabilities – gain/(loss)	231	(272)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(129)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	98	1,328
Total amount recognized in Other Comprehensive Income – gain	173	167