PARAGON
HOUSING ASSOCIATION LIMITED

Registered under the Co-operative & Community Benefit Societies Act 2014 No. 2521R (S)
and with The Scottish Housing Regulator NO HAL 298.

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

Dear Audit Engagement Principal of Paragon Housing Association

AUDIT OF FINANCIAL STATEMENTS – YEAR ENDED 31 MARCH 2026

This representation letter is provided in connection with your audit of the financial statements of Paragon Housing Association ("the organisation") for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the financial statements of the organisation is applicable law and United Kingdom Generally Accepted Accounting Practice.

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries of other board members and officials of the organisation:

Financial Statements

1. We acknowledge and have fulfilled our responsibilities as the members of the Management Committee of the organisation ("the board") as set out in the terms of engagement dated 20 January 2026 for the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework, in particular the financial statements give a true and fair view in accordance therewith.

2. We confirm that the methods, significant assumptions and the data used in making accounting estimates and the related disclosures are appropriate in the context of the applicable financial reporting framework.

3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. In particular, where required by the applicable financial reporting framework, full disclosure is made in the financial statements of:
    a. any advances and credits granted by the parent company or its subsidiary undertakings to directors and guarantees of any kind entered into on behalf of the directors;
    b. the identity of the party which controls and (if different) the party which ultimately controls the company, if any;
    c. transactions and balances with related parties including:
        - the nature of the related party relationship;
        - the amount of the transactions;
        - the amount of outstanding balances and:
            - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
            - details of any guarantees given or received;
        - provisions for uncollectible receivables related to the amount of outstanding balances;

- the expense recognised during the period in respect of bad or doubtful debts due from related parties; and
- any other information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements.

d. key management personnel compensation.

4. Full disclosure is made in the financial statements of:
   a. outstanding capital commitments contracted for at the balance sheet date;
   b. all contingent liabilities including details of pending litigation and material claims against the organisation;
   c. all guarantees or warranties or other financial.
5. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

6. There have been no events or conditions (e.g. loss or reduction of source of income, loss of supplier or member of staff, change in credit terms offered by suppliers, breaches of bank or other covenants, changes in banking or insurance arrangements or facilities) since the balance sheet date that would impact on the ability of the organisation to continue as a going concern. Should such events or conditions occur prior to your signature of the audit report we will advise you immediately. Except as already incorporated into our cash flow and profit forecasts we have no plans or intentions that would impact on the ability of the organisation to continue as a going concern.

7. With regards to our going concern assessment we confirm that our future plans are as follows:
   a. To continue the BBOOM programme throughout the next 12 months.
   b. To focus on continuation of investment in the repairs and maintenance programme following refinancing of the RBS facility in the year.
   c. To continue investment in housing developments over the medium-long term.

   We confirm that we have evaluated the feasibility of the matters referred to above and consider the plans to be achievable.

8. We confirm that our going concern assessment covers the period ending 31 March 2031, being the final year of the Five Year Financial Plan submitted to the Regulator.

9. All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.

10. There were no uncorrected misstatements (whether arising from differences in amount, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable financial reporting framework).

Information Provided

1. As agreed in the terms of engagement, we have provided you with:
   a. Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
   b. Additional information that you have requested from us for the purpose of the audit; and
   c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the organisation and involves :
   - Management;
   - Employees who have significant roles in internal control; and
   - Others where the fraud could have a material effect on the financial statements.

5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the organisation's financial statements communicated by employees, former employees, analysts, regulators or others.

6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effect on the organisation's ability to conduct its activities

7. We have disclosed to you the identity of the organisation's related parties and all the related party relationships and transactions of which we are aware.

8. We have disclosed to you the details of all known actual or possible litigation and claims whose effect should be considered when preparing the financial statements.

9. We have not conducted, or permitted to be conducted any activities which may call into question the charitable nature of the organisation.

10. There have been no communications with the Scottish Housing Regulator or the Office of the Scottish Charity Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any administrative duty. We have drawn to your attention all correspondence and notes of meetings with regulators.

11. There have been no events since the balance sheet date which necessitate revision of the figures in the financial statements or inclusion of a note thereto. Should such material events occur prior to your signature of the audit report we will advise you accordingly.

12. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.

13. All designated and restricted fund balances are correctly shown in the accounts.

14. We confirm that we have disclosed to you details of all banking and financing arrangements including related contracts and hedging products.

15. We confirm that we have informed you of all tax avoidance schemes used by the organisation.

16. We confirm that as far as we are aware:
   - no services have been provided to us or our affiliated entities by RSM network firms and their related entities that we have not already informed you of;

- no gifts, hospitality, favours, donations or sponsorship have been exchanged between us or our affiliated entities and RSM network firms and their related entities that we have not already informed you of;
- no employment relationships exist between us or our affiliated entities and partners or employees of RSM network firms and their related entities we have not already informed you of; and
- no other business or personal relationships exist between us or our affiliated entities and RSM network firms and their related entities we have not already informed you of.

The related entities of RSM network firms are as set out in the list.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error registered provider of social housing/social landlord.

To assist the auditor in complying with ISA (UK) 720 The Auditor's Responsibilities Relating to Other Information, we confirm that we have informed you of all the documents that will be communicated to the members with the annual report.

We confirm that we have taken all the steps that we ought to have taken as members of the board in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the board on 19th August 2026

Yours faithfully
Signed on behalf of the board of Paragon Housing Association

Member of the Management Committee

Date [signature]
19th August 2026

Attachment: List of uncorrected misstatements including those in relation to disclosures:

Unadjusted misstatements			
Account	**Profit & loss (£'000)**	**Balance sheet (£'000)**	**Description**
Dr Accruals		397	Being reallocation of accruals that should have been recorded as trade creditors at the year end.
Cr Trade Payables		(397)	
Dr OCI	21		Being adjustment to reallocate the pension losses between OCI, staff costs and finance costs in line with TPT pension report.
Dr Pension Employer Costs	34		
Dr Finance Costs	32		
Cr Pension Employer Costs	(87)		
Total	-	-	