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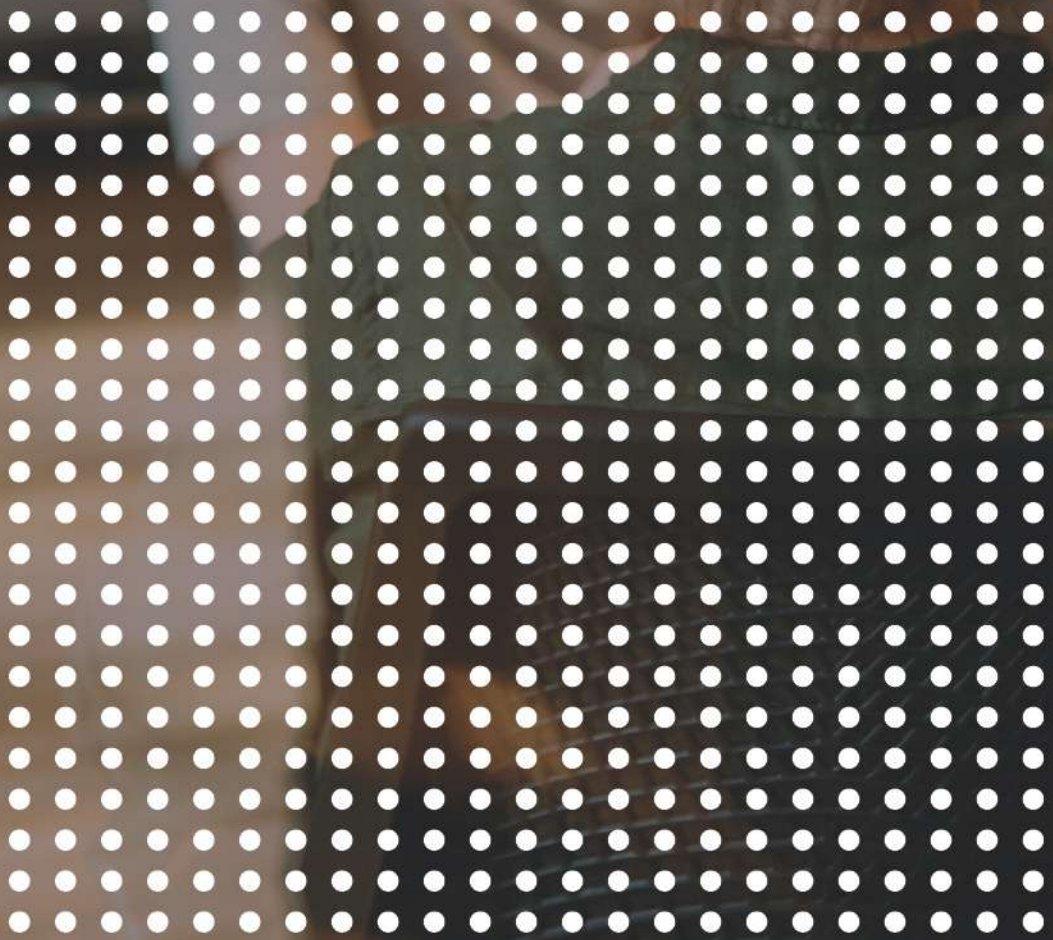
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Muirhouse Housing Association Limited
Muirhouse Homes Limited

For the year ended 31 March 2026

Audit Summary Report to those charged with Governance



CT Audit Limited is registered in Scotland (SC765600). Our registered office is at 61 Dublin Street, Edinburgh EH3 6NL. Offices in Glasgow, Inverness and London. For full contact details visit www.ct.me.

CT Audit is registered to carry on audit work and is regulated by the Institute of Chartered Accountants of Scotland. Details about our audit registration can be viewed at www.auditregister.org.uk.

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Limitations of this report

This report refers only to material matters we have identified from our audit of the financial statements of Muirhouse Housing Association Limited and Muirhouse Homes Limited ('The Group'), for the year ended 31 March 2026, that we think merit being brought to your attention. The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of the Group.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. We draw your attention to the fact that management are responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as a Board and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose

Executive summary

Introduction

The purpose of this report is to highlight the key issues affecting the preparation of the financial statements for the year ended 31 March 2026. It is also used to report to management matters arising from our audit work and to meet the mandatory requirements of International Standard on Auditing (UK) 260 – Communication with those charged with governance.

Changes to our audit plan

In the conduct of our audit, we have not had to alter or change our audit plan, which we communicated to you in our Audit Planning Document dated February 2026. We note how we have addressed the risks identified at planning.

Status of the audit

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Obtaining and reviewing the letter of representation.
- Updating our post balance sheet events review to the date of signing the financial statements.

Audit adjustments

The audit adjustments are discussed in the 'Audit Adjustments' section of this document.

Control matters

The management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of financial control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the Board.

Please see page 11 for control issues noted in the current year that we would wish to bring to your attention.

Matters arising from the financial statements audit and any recommendations have been discussed with senior management and noted in the 'Issues Arising During the Audit' section.

Financial statements opinion

We propose to give an unqualified opinion on the financial statements of the Association and its subsidiary.

Appreciation

We would like to take the opportunity to record our appreciation for the assistance provided by your team during our audit.

Accounting and audit risks and responses

Issues identified at planning stage

As noted in our Audit Planning Document submitted to the Board, the following audit risk areas in respect of the financial statements being materially misstated were identified as significant matters and therefore were considered in detail during our audit fieldwork.

Business risks

Risk and audit response	Resolution
Risk Future developments and strategic plans and their impact on funding requirements, future support services, housing and the overall going concern assumption. **Response** We will review the strategic business plans and budget forecasts. We will also assess the assumptions within the forecasts to ensure that these appear reasonable and prudent.	We have reviewed the Associations strategic business plans and financial projections and evaluated the key assumptions underpinning these models. From our testing we are satisfied that the assumptions applied are reasonable and in line with expectations. No matters were identified that would affect the going concern of the Association. The use of the going concern basis of accounting remains appropriate.
Risk Governance and compliance with laws and regulations **Response** We will review the risk register, board minutes, internal audit reports, governance framework and any reports from regulatory authorities.	As part of our audit testing, we have reviewed the current governance framework, and we are satisfied that this is operating effectively. All board minutes were reviewed, and no issues were identified from these. We requested and reviewed all internal audit reports. No instances of material non-compliance or breaches of regulation were identified.

Audit risks

Risk and audit response	Resolution
Risk Existence, ownership and valuation of housing stock. **Response** Obtain title deed certification and review results of stock valuation reports and consider if there are any indications of impairment.	We have obtained independent third-party confirmations of title deeds for a sample of properties and verified that ownership rests with the Association. Based on our sample testing, no discrepancies were identified in relation to legal title or existence. We have discussed with management the useful economic lives applied to components and assessed whether these remain reasonable. We also tested a sample of additions and disposals during the year, confirming that these have been accurately recorded and appropriately classified. Depreciation calculations were reviewed and were in line with accounting policies. No formal valuations were carried out but from our testing we are satisfied that the properties are not impaired. No material misstatements or issues were identified in relation to the valuation, existence or ownership of housing stock.
Risk Completeness of borrowings and compliance with bank funding covenants **Response** Verify through third-party confirmation and assess reports that monitor compliance with covenants throughout the year.	We reviewed internal reports and Board papers used to monitor compliance with loan covenants. Our procedures included assessing the accuracy of covenant calculations and considering whether any actual or potential breaches had been identified and appropriately addressed. Based on the audit work performed, we are satisfied that borrowings have been appropriately recognised and disclosed within the financial statements. The Association remained compliant with its funding covenants throughout the year, and appropriate processes are in place to monitor ongoing compliance. We identified no matters requiring disclosure in relation to covenant breaches or refinancing risk.
Risk and audit response	**Resolution**

Risk Completeness of income and revenue cycle controls. **Response** Perform analytical review procedures and completeness testing on the rent accounting system. Agree key sources of non-rental income to third-party agreements.	We carried out walkthrough tests on all material income streams to test the current controls and systems in place for recording income. We are satisfied that these controls are operating as documented. In addition, we carried out completeness testing on the rent accounting system, including a reconciliation of system data to the general ledger and supporting reports. Based on this work, we are satisfied that rental income has been fully and accurately recorded. Furthermore, we performed analytical procedures and substantive testing on other income streams, including grants and service charge income, to assess whether these have been fully accounted for. No issues were identified.
Risk Fraud/management override. We have a duty under ISAs to consider and assess the risk of fraud/management override impacting each of our clients. **Response** We will ask management for their assessment of fraud/management override risk. We will also seek confirmation of any fraud that may have arisen during the year.	We reviewed and tested the Group's systems and controls and are satisfied that appropriate procedures are in place to identify and mitigate the risk of material fraud. Our audit procedures did not identify any instances of fraud or evidence of management override of controls during the year. In addition, we utilised audit data analytics to perform testing over journal entries posted throughout the year. No matters were identified from this testing that require reporting to those charged with governance.

Issues arising during the audit

During the course of our audit work we have not noted any issues that we wish to bring to your attention.

Issue	Resolution
FRS 102 and the Housing Statement of Recommended Practice (SORP) 2026 The SORP was updated in April 2026 to reflect the amendments to Financial Reporting Standard (FRS) 102 and will become effective for periods beginning on or after 1 January 2026. The financial statements for the year ended 31 March 2027 will be the first set to comply with these changes for the Association and its subsidiaries. The main changes arising are: • Income recognition • Lease accounting • Narrative reporting Further information is set out in the next column.	Rent from social housing is classified as lease income, as these tenancies are essentially lease agreements. This income should be recorded evenly over the life of the agreement, unless a different method more accurately reflects how the benefit is earned. This is not expected to result in changes to the Association's existing accounting. The changes to FRS 102 are also not expected to have material changes to the income recognition within the subsidiary either. In terms of the new lease accounting requirements, operating leases (e.g. for property) will have to be accounted for on the balance sheet as assets and liabilities. There is no exemption for intra-group leases. This will include the mid-market properties leased from the Association to the subsidiary. The previous requirement for RSLs to prepare a detailed strategic report at the front of their financial statements has dropped from those with 5,000+ units to 1,000+ units. The key areas to be covered within the strategic report are: • Objectives and strategy; • Development and performance; • Financial position; • Future developments; • Principal risks and uncertainties; • Analysis using financial and non-financial KPIs; and • Governance and statements required by the Scottish Housing Regulator • In practice, the Association already includes the above, but it will be important to review the report in detail to ensure appropriate compliance.

Issues arising during the prior year audit

During our audit work in the prior year we noted some issues which are of ongoing relevance. The table below describes these issues and the actions taken to address them.

Issue	Resolution
Fixed Asset Register There are a number of old items on the fixed asset register that are fully depreciated.	We recommended that an exercise is completed to ensure only items that are still in use are included in the register. We understand that this review is ongoing and that further assets will be removed in the forthcoming year.
Muirhouse Homes We note that discussions on the future of this company are still ongoing at the year end. We understand that the final options being considered are: • Mid-market properties being reclassified as social housing properties; or An external third party managing the mid-market rent properties.	We note, from discussions with Senior Management, that these options are still being considered further in the forthcoming year.
Fixed asset components It was recommended that the following components could be combined as they are all being depreciated at the same rate and effectively relate to the 'structure' of the property: ➢ Structure; ➢ Roof; and ➢ Render	We note that these components remain as separate items in the current year, but we would continue to recommend that these can be combined to reduce the level of components within the register.

Forthcoming developments

We enclose a copy of our Technical Developments briefing document which we hope will be of interest to you. If you have any questions regarding any of the content please do not hesitate to contact us.

Internal Control

Weakness and governance issues arising during the audit

We have set out below areas of accounting and internal control weakness that we consider should be brought to the attention of the Trustees which arose as a result of our audit work.
This does not constitute a comprehensive statement of weaknesses that may exist in internal controls or of all improvements which may be made

Definition of priorities

High	Issues subjecting the organisation to material risk which should be addressed as a matter of priority.
Medium	Issues subjecting the organisation to actual or potential significant risk.
Low	Matter which, if addressed, will enhance efficiency and effectiveness.

Issues arising

Issues arising	
Issue 1	Year-end accruals
Observation	We identified a number of expenses relating to the financial year that had not been accrued at year-end, resulting in an understatement of both expenses and liabilities in the draft financial statements.
Priority	Medium
Risk and Recommendation	Whilst the misstatements were subsequently corrected by management, the findings indicate that controls over the identification and review of year-end accruals could be strengthened. We recommend that management implements a more robust year-end accruals review process, including a review of post year-end invoices and supplier statements, to ensure all liabilities are identified and recorded in the correct accounting period.
Management response	*Client to respond*

Weaknesses arising in the prior year

The table below highlights the issues raised in the prior year audit summary report and follows up on the actions taken to address them. Recommendations have been ranked in terms of priority reflecting the risk attaching to the recommendation.

Issues arising

Issues arising	
Issue 1	Journal review and authorisation
Previous recommendation	We recommended that a formal process was implemented for journal review and authorisation for all members of staff, including senior finance personnel.
Priority	Medium
Action to date	Management have implemented a process of reviewing and authorising journal entries.
Current position	Point cleared

Issues arising	
Issue 2	Invoice Address
Previous recommendation	We recommended that a formal process is implemented for ensuring invoices are raised and paid in relation to the group entity it relates to.
Priority	Low
Action to date	We found no further instances of invoices being addressed to the incorrect entity.
Current position	Point cleared

Audit adjustments

Impact of audit adjustments made

There were some minor presentational and disclosure changes which arose during the course of our audit and, as agreed with you, these have been reflected in the financial statements.

Uncorrected misstatements

We are pleased to report that there are no uncorrected misstatements arising from the audit.

ISA 260 reporting requirements

International Standard on Auditing ('ISA') 260 "Communication of audit matters with those charged with governance" requires us to communicate relevant matters relating to the audit of the financial statements to those charged with governance.

We have set out opposite how each of the key areas has been addressed and where they have been reported:

ISA 260 Requirement	CT Response
Confirmation of the independence of both the Firm and the audit team	Confirmed.
Confirmation of audit approach and scope	Confirmed via planning document.
Consideration of significant accounting policies	Considered throughout the audit process and discussed with management as appropriate.
Consideration of any material risks and exposures	Considered throughout the audit process and further within this report.
Schedule of material audit adjustments (adjusted and unadjusted)	None noted.
Significant disagreements with management	None noted.
Expected modifications to the auditor's report	None noted.
Material weakness in the accounting and internal control system	None noted.

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