Lochaber Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2026

Registered Social Landlord No. HAL151

FCA Reference No. 2289R(S)

Scottish Charity No. SC030951

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Contents

	Page
Members of the Board of Management, Executive and Advisers	1
Report of the Board of Management	2 – 7
Report by the Auditors on corporate governance matters	8
Report of the Auditors	9 -12
Statement of comprehensive income	13
Statement of financial position	14
Statement of cash flows	15
Statement of changes in equity	16
Notes to the financial statements	17 - 36

LOCHABER HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2026

BOARD OF MANAGEMENT

Di Alexander		Secretary
Rosemary Bridge		
Andrew Carr		Vice Chair
John Cooney		
Cathy Osborn		Chair
Nigel Paterson		
May Tosh		Treasurer
Stewart Leitch	(resigned May 2025)	
Moira MacVicar		
Ian Pritchard	(appointed August 2025)	
Mary Philip	(appointed April 2025)	
Clare MacLellan	(appointed May 2026)	Co-Optee

EXECUTIVE OFFICERS

Margaret Moynihan	Chief Executive
Sean Doherty	Director of Asset Management (retired December 2025)
Jenny MacKay	Director of Customer Services
Gary Hay	Director of Finance (resigned May 2025)
Isla Gray	Housing Services Manager (resigned May 2026)
Davina Melton	Finance Manager (appointed August 2025)

REGISTERED OFFICE

101 High Street
Fort William
Inverness-shire
PH33 6DG

EXTERNAL AUDITORS

TC Group
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

TIAA
Artillery House,
Newgate Lane
Fareham
PQ14 1AH

FINANCE AGENTS

David Smith CA
Keppoch
Croft Road
Oban
PA34 5JN

BANKERS

Virgin Money
15 Academy Street
Inverness
IV11 1JN

SOLICITORS

MacIntyre & Company
38 High Street
Fort William
PH33 6AT

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

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2026

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

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2289R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL151) under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the charity number SC030951.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The Association has sustained its strong financial performance, achieving a healthy surplus of £337,873 while maintaining high-quality service delivery despite ongoing sector-wide economic pressures. We have met all lender covenants and continued strategic investment in our housing stock, which now stands at a value of £59.8 million. These efforts are further supported by a strengthened digital foundation following significant progress in data integrity and cyber security.

Development

Our ambition to lead the development of affordable housing in Lochaber remains firm, with our programme supporting the strategic partnerships we have with both Highland Council and Scottish Government in achieving the targets for affordable housing.
We are committed to exploring new opportunities that align with our mission of quality and affordability, and our development activity has gained momentum this year:

- **Rankin Crescent (Lochyside):** We are pleased to report the successful completion of Phase 2, consisting of 18 homes for affordable rent and 4 properties for purchase under the New Supply Shared Equity (NSSE) Scheme, handed over in March and April 2026.
- **Glenkingie Terrace (Caol):** Work is progressing well with the completion of these 18 units is expected by **Spring 2027**.
- **Kings Way (Mallaig):** Investigations continue to allow us to progress with the 14 units at this site.

- **Future Pipeline:** Progress continues seeking other sites and working with our communities throughout Lochaber.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2026

Strategic Management & Funding

Early in 2025/26 we concluded our procurement for development agency services and appointed Macdonald & Cameron to this critical role.

During 2025/26 we undertook a review of our lending portfolio resulting in the repayment of some of our more historic lending and agreed new lending with Allia, CAF Bank and Unity Bank. The new Allia and CAF Bank loans were completed during the year with the final phase of the new lending with Unity Bank loan completing early in 2026/27.

This has meant that we have secured the private finance required for our upcoming development and investment plans and at the same time ensuring a funding strategy that balances high ambition with financial prudence.

Following consultation, and while remaining mindful of the cost-of-living challenges faced by our residents the Board approved a 4.5% rent increase for 2026-27 safeguarding the going viability of the Association.

We introduced a standalone Communications Strategy and are now committed to developing a dedicated Tenant Participation Strategy which reflects the voices, experiences and priorities of our tenants and communities. To support this work, we will be working alongside Tenant Information Services (TIS), who will independently facilitate consultation and engagement activity with tenants throughout the development process. This work will follow a full review of our Rent Policy which is also currently underway. And due to complete over the summer.

During 2024/25 our Internal Auditors, TIAA, carried out three reviews: Equality, Diversity and Inclusion; Core Financial controls; and Tenancy Sustainment and Debt Management. These reviews are designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve our objectives. The Annual Report concluded that for each of the reviews the Association had reasonable and effective risk management, control and governance processes in place.

Risk management remains a core focus, with quarterly reviews ensuring we remain responsive in a changing regulatory and economic environment. Geopolitical instability in the Middle East has elevated the existing uncertainty around inflation and interest rates and affordability challenges. In addition, tenant and resident safety, sustainability and efficiency challenges, digital transformation gaps and development continue to be the key areas of risk.

During this year we have made clear and measurable progress in strengthening our digital foundations, enhancing data integrity, and improving cyber security, creating a secure platform from which to embrace future digital services and AI innovation.

The focus is now on turning this groundwork into tangible improvements in service quality, tenant experience, and organisational resilience.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2026

Strategic Management & Funding continued

These achievements, including the launch of MY LHA, our self-service portal to enhance digital engagement with our tenants, mark the early stages of a sustained digital transformation journey, one that will continue to align technology, people, and strategy to deliver lasting value for LHA and its tenants.

We continue to self-assess our compliance with the Regulatory Standards of Governance and Financial Management enabling the Board to provide an Annual Assurance Statement to the Scottish Housing Regulator (SHR) in relation to our compliance. The Regulator has confirmed our compliance status, thus demonstrating to our tenants, lenders and other partners their reassurance that the Association meets all standards.

Organisational Review

There have been two senior retirements within the LHA Group during the year, and a further retirement planned later this year, along with anticipated additional retirements of long-serving, highly experienced senior colleagues in the coming years. The Board approved a review of the senior roles within the organisation to ensuring there was succession planning in place to ensure continuity, resilience and the effective transfer of knowledge, relationships and leadership capability.

Financial Performance

The financial statements reflect the requirements of the Statement of Recommended Practice (SORP) for registered social housing providers, the Housing SORP 2018.

The financial statements show total comprehensive income for the year of £337,873 (2025: £497,290). This surplus was after taking account of a gain on the Association's pension liability of £37,000 compared to a gain of £13,000 in 2025.

Turnover increased in the year to £6,394,457 from £6,131,427 in 2025. The increase is largely due to an increase in rental income from £4,434,450 in 2025 to £4,649,416 in 2026.

Operating costs increased from £5,100,905 in 2025 to £5,780,993 in 2026 mainly due to increases in repair costs and staff costs.

On the Statement of Financial Position, the Association's housing properties amount to £59,830,085 (2025: £55,395,637). Investment in housing property during the year amounted to £6,552,330 (2025: £2,793,243) which included both the development of new properties and the upgrade of existing properties.

Net current assets fell slightly from £3,966,664 in 2025 to £3,595,169.

At 31 March 2026 the Association's capital and reserves stood at £13,540,746 (2025: £13,202,874).

The Management Board consider that these reserves are necessary to fund the cost of future major repairs and improvements to the Association's housing properties.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2026

Board of Management and Executive Officers

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 of the charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association 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 disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2026

Statement on 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;
- the safeguarding of assets against unauthorised use or disposition.

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

- 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 Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports 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 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 that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

Donations

During the year the Association made charitable donations of £733 (2025 - £200).

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2026

Disclosure of Information to the Auditor

The members of the Board of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, TC Group, will be proposed at the Annual General Meeting.

By order of the Board of Management

Di Alexander

Di Alexander
Secretary
25 June 2026

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF LOCHABER HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion
We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion
In our opinion the Statement of Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

TC Group

TC GROUP
Statutory Auditors
GLASGOW
25 June 2026

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHABER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2026

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 to going concern are described in the relevant sections of this report.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHABER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board of Management
As explained more fully in the statement of Board of Management's responsibilities as set out on page 5, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of the 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 intend 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHABER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHABER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. The description forms part of our audit report.

Use of our Report
This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

TC GROUP
Statutory Auditors
GLASGOW
25 June 2026

LOCHABER HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2026

	Notes		2026		2025
		£	£	£	£
Revenue	2		6,394,457		*6,131,427*
Operating costs	2		5,780,993		*5,100,905*
OPERATING SURPLUS			613,464		1,030,522
Gain on sale of housing stock	7	123,043		*36,960*	
Interest receivable and other income		239,062		*185,421*	
Interest payable and similar charges	8	(662,696)		*(758,613)*	
Other Finance income/(charges)	11	(12,000)		*(10,000)*	
			(312,591)		*(546,232)*
SURPLUS FOR THE YEAR			**300,873**		***484,290***
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	22		37,000		*13,000*
TOTAL COMPREHENSIVE INCOME			**337,873**		***497,290***

The results relate wholly to continuing activities.

The notes on pages 17 to 36 form an integral part of these financial statements.

LOCHABER HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Notes	£	2026 £	£	2025 £
NON-CURRENT ASSETS					
Housing properties - depreciated cost	12		59,830,085		*55,395,637*
Other tangible assets	12		846,234		*882,756*
Investments	13		10,000		*10,000*
			60,686,319		*56,288,393*
RECEIVABLES: Amounts falling due after more than one year	14		60,764		*89,166*
CURRENT ASSETS					
Receivables	15	910,048		*1,236,264*	
Stock and work in progress	16	420,000		-	
Investments	17	5,856,578		*3,572,417*	
Cash and cash equivalents	18	1,324,216		*2,130,984*	
		8,510,842		*6,939,665*	
CREDITORS: Amounts falling due within one year	19	(4,915,673)		*(2,973,001)*	
NET CURRENT ASSETS			3,595,169		*3,966,664*
TOTAL ASSETS LESS CURRENT LIABILITIES			64,342,252		*60,344,223*
CREDITORS: Amounts falling due after more than one year	20		(10,911,456)		*(12,612,406)*
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	22	(180,000)		*(205,000)*	
			(180,000)		*(205,000)*
DEFERRED INCOME					
Social housing grants	23	(34,353,233)		*(33,447,789)*	
Other grants	23	(5,356,817)		*(876,154)*	
			(39,710,050)		*(34,323,943)*
NET ASSETS			**13,540,746**		***13,202,874***
EQUITY					
Share capital	24		33		*34*
Revenue reserves			13,720,713		*13,407,840*
Pension reserves			(180,000)		*(205,000)*
			13,540,746		***13,202,874***

The financial statements were approved by the Board of Management and authorised for issue and signed on their behalf on 25 June 2026.

Cathy Gibson — **Committee Member**

Andrew Carr — **Committee Member**

Di Alexander — **Secretary**

The notes on pages 17 to 36 form an integral part of these financial statements.

LOCHABER HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	Notes	£	2026 £	£	2025 £
Surplus for the Year			300,873		*484,290*
Adjustments for non-cash items:					
Depreciation of tangible fixed assets	12	2,098,428		*1,944,906*	
Amortisation of capital grants	23	(1,170,306)		*(1,132,876)*	
Gain on disposal of tangible fixed assets		(119,080)		*(36,960)*	
Non-cash adjustments to pension provisions		12,000		*10,000*	
Share capital written off	24	(5)		*(9)*	
			821,037		*785,061*
Interest receivable			(239,062)		*(185,421)*
Interest payable	8		662,696		*758,613*
Operating cash flows before movements in working capital			1,545,544		*1,842,543*
Change in debtors & Stock		(443,594)		*(231,697)*	
Change in creditors		300,103		*250,559*	
			(143,491)		*18,862*
Net cash inflow from operating activities			1,402,053		1,861,405
Investing Activities					
Acquisition and construction of properties		(6,552,330)		*(2,793,243)*	
Purchase of other fixed assets		(2,686)		*(11,469)*	
Social housing grant received		2,406,816		*1,518,333*	
Social housing grant repaid		(313,155)		*(11,238)*	
Other grants received		4,606,094		*170,500*	
Changes on short term deposits with banks		(2,284,161)		*(57,181)*	
Proceeds on disposal of housing properties		177,742		*41,880*	
Net cash outflow from investing activities			(1,961,680)		(1,142,418)
Financing Activities					
Loan Advances Received		5,951,471		-	
Interest received on cash and cash equivalents		239,062		*185,421*	
Interest paid on loans		(662,696)		*(758,613)*	
Loan principal repayments		(5,774,982)		*(617,326)*	
Share capital issued	24	4		*1*	
Net cash outflow from financing activities			(247,141)		*(1,190,517)*
Decrease in cash	25		(806,768)		*(471,530)*
Opening cash & cash equivalents			2,130,984		*2,602,514*
Closing cash & cash equivalents			**1,324,216**		***2,130,984***
Cash and cash equivalents as at 31 March					
Cash	25		1,324,216		*2,130,984*
			1,324,216		***2,130,984***

The notes on pages 17 to 36 form an integral part of these financial statements.

LOCHABER HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2026

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 31 March 2024	*42*	*(208,000)*	*12,913,550*	*12,705,592*
Issue of Shares	*1*	-	-	*1*
Cancellation of Shares	*(9)*	-	-	*(9)*
Other comprehensive income	-	*13,000*	-	*13,000*
Other movements	-	*(10,000)*	*10,000*	-
Surplus for the year	-	-	*484,290*	*484,290*
Balance as at 31 March 2025	***34***	***(205,000)***	***13,407,840***	***13,202,874***
Balance as at 1 April 2025	34	(205,000)	13,407,840	13,202,874
Issue of Shares	4	-	-	4
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	37,000	-	37,000
Other movements	-	(12,000)	12,000	-
Surplus for the year	-	-	300,873	300,873
Balance as at 31 March 2026	**33**	**(180,000)**	**13,720,713**	**13,540,746**

The notes on pages 17 to 36 form an integral part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2024. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the 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 taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as an employee benefit expense when they are due.

Going Concern

On the basis that the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

Component	*Useful Economic Life*
Structure	Over 50 years
Roof	Over 50 years
Render	Over 40 years
Heating	Over 20 years
Hot Water Cylinder	Over 10 years
External Doors	Over 25 years
Windows	Over 25 years
Bathrooms	Over 25 years
Kitchen	Over 15 years
Solar Panels	Over 20 years

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

Asset Category	*Depreciation Rate*
Office Premises	2% straight line
Furniture & Equipment	20% reducing balance
Commercial Property	2% straight line

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

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

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

Leases

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 or the term of the lease whichever is shorter.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

VAT

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Lochaber Housing Association Limited present information about it as an individual undertaking and not about the group.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most signficant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing 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 Board of Management considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Board of Management has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 32.

Estimation Uncertainty

a) 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.

b) 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.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

e) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover 2026 £	Operating costs 2026 £	Operating surplus / (deficit) 2026 £	Turnover 2025 £	Operating costs 2025 £	Operating surplus / (deficit) 2025 £
Affordable letting activities	3	6,167,433	5,430,682	736,751	*5,831,734*	*4,764,837*	*1,066,897*
Other Activities	4	227,024	350,311	(123,287)	*299,693*	*336,068*	*(36,375)*
Total		**6,394,457**	**5,780,993**	**613,464**	***6,131,427***	***5,100,905***	***1,030,522***

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2026 Total £	2025 Total £
Revenue from Lettings					
Rent receivable net of service charges	4,513,958	-	135,458	4,649,416	*4,434,450*
Service charges receivable	202,109	-	-	202,109	*171,230*
Gross income from rent and service charges	4,716,067	-	135,458	4,851,525	*4,605,680*
Less: Rent losses from voids	14,710	-	-	14,710	*13,211*
Income from rents and service charges	4,701,357	-	135,458	4,836,815	*4,592,469*
Grants released from deferred income	1,141,152	-	29,154	1,170,306	*1,133,552*
Revenue grants from Scottish Ministers	51,466	-	-	51,466	*20,466*
Grants released	108,846	-	-	108,846	*85,247*
Total turnover from affordable letting activities	6,002,821	-	164,612	6,167,433	*5,831,734*
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,558,341	-	39,967	1,598,308	*1,431,199*
Service costs	222,611	-	3,495	226,106	*199,120*
Planned and cyclical maintenance, including major repairs	664,859	-	-	664,859	*408,207*
Reactive maintenance costs	877,196	-	-	877,196	*808,818*
Bad Debts - rents and service charges	1,029	-	-	1,029	*12,297*
Depreciation of affordable let properties	2,032,391	-	30,793	2,063,184	*1,905,196*
Operating costs of affordable letting activities	5,356,427	-	74,255	5,430,682	*4,764,837*
Operating surplus on affordable letting activities	**646,394**	**-**	**90,357**	**736,751**	***1,066,897***
2025	*896,968*	-	*169,929*		

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2026	Operating surplus / (deficit) 2025
	£	£	£	£	£
Care and repair	22,500	22,500	60,344	(37,844)	*(46,582)*
Contracted out services undertaken for registered social landlords	54,988	54,988	54,988	-	-
Development of property for sale	-	-	92,966	(92,966)	-
Other income	29,276	29,276	29,270	6	-
Uncapitalised development administration costs	-	-	54,078	(54,078)	*(50,254)*
Agency or management services	35,000	35,000	35,000	-	-
Commercial Leases	85,260	85,260	23,665	61,595	*60,461*
Total From Other Activities	**227,024**	**227,024**	**350,311**	**(123,287)**	*(36,375)*
2025	*299,693*	*299,693*	*336,068*	*(36,375)*	

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.

	2026	2025
	£	£
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	64,399	*125,799*
Pension contributions made on behalf on Officers with emoluments greater than £60,000	40,197	*43,155*
Emoluments payable to Chief Executive (excluding pension contributions)	64,399	*63,311*
Pension contributions paid on behalf of the Chief Executive	40,197	*37,070*
Total emoluments payable to the Chief Executive	104,596	*100,381*
Total emoluments paid to key management personnel	334,958	*307,033*

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	-	2
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1

6. EMPLOYEE INFORMATION

	2026	2025
	No.	No.
Average monthly number of full time equivalent persons employed during the year	22	*22*
Average total number of employees employed during the year	23	*22*
Staff costs were:	£	£
Wages and salaries	838,783	*789,960*
National insurance costs	117,605	*86,008*
Pension costs	121,956	*113,567*
Settlement costs	-	*18,222*
Temporary, agency & seconded staff	34,578	-
	1,112,922	*1,007,757*

7. GAIN ON SALE OF HOUSING STOCK

	2026	2025
	£	£
Sales proceeds	177,742	*41,880*
Cost of sales	54,699	*4,920*
Gain on sale of housing stock	123,043	*36,960*

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2026	2025
	£	£
On bank loans and overdrafts	662,696	*758,613*

9. SURPLUS FOR THE YEAR

	2026	2025
Surplus For The Year is stated after charging/(crediting):	£	£
Depreciation - non-current assets	1,992,810	*1,909,682*
Loss on component disposals	105,618	35,224
Auditors' remuneration - audit services	19,478	*19,975*
Operating lease rentals - land & buildings	5,100	*5,100*
Operating lease rentals - other	8,225	*8,225*
Gain on sale of other non-current assets	(123,043)	*(36,960)*

10. CORPORATION TAX

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

11. OTHER FINANCE INCOME / (CHARGES)

	2026	2025
	£	£
Net interest on pension obligations	(12,000)	*(10,000)*

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Leased Property £	Total £
COST					
At 1 April 2025	75,992,735	4,458,129	1,763,581	89,992	82,304,437
Additions	2,895,737	3,656,593	-	-	6,552,330
Disposals	(487,913)	-	(34,285)	-	(522,198)
Transfers	2,436,634	(2,436,634)	-	-	-
At 31 March 2026	80,837,193	5,678,088	1,729,296	89,992	88,334,569
DEPRECIATION					
At 1 April 2025	25,948,830	-	870,510	89,460	26,908,800
Charge for Year	1,926,240	-	30,793	532	1,957,565
Transfers	-	-	-	-	-
Disposals	(342,798)	-	(19,083)	-	(361,881)
At 31 March 2026	27,532,272	-	882,220	89,992	28,504,484
NET BOOK VALUE					
At 31 March 2026	53,304,921	5,678,088	847,076	-	59,830,085
At 31 March 2025	*50,043,905*	*4,458,129*	*893,071*	*532*	*55,395,637*

	2026		2025	
Expenditure on Existing Properties	*Component replacement* £	*Improvement* £	*Component replacement* £	*Improvement* £
Amounts capitalised	2,895,737	-	714,477	48,855
Amounts charged to the statement of comprehensive income	-	558,975	-	186,645

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £Nil (2025-£Nil).

The Association's lenders have standard securities over housing property with a carry value of £25,785,221 (2025 - £24,787,882).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Commercial Property £	Total £
COST				
At 1 April 2025	388,681	257,582	543,950	1,190,213
Additions	-	2,686	-	2,686
Eliminated on disposals	-	(37,523)	-	(37,523)
At 31 March 2026	388,681	222,745	543,950	1,155,376
DEPRECIATION				
At 1 April 2025	30,539	173,346	103,572	307,457
Charge for year	7,774	16,592	10,879	35,245
Eliminated on disposals	-	(33,560)	-	(33,560)
At 31 March 2026	38,313	156,378	114,451	309,142
NET BOOK VALUE				
At 31 March 2026	350,368	66,367	429,499	846,234
At 31 March 2025	*358,142*	*84,236*	*440,378*	*882,756*

13. FIXED ASSET INVESTMENTS

	2026 £	2025 £
Subsidiary undertakings	10,000	*10,000*

Subsidiary Undertakings

Lochaber Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiaries is 101 High Street, Fort William, Inverness-shire.

	2026		2025	
	Reserves £	*Surplus / (Deficit)* £	*Reserves* £	*Surplus / (Deficit)* £
Lochaber Housing Association Property Services	166,978	26,879	*140,099*	*(9,021)*
Lochaber Care and Repair	62,774	20,720	*42,054*	*(16,349)*

During the year, Lochaber Housing Association purchased repairs services from Lochaber Property Services CIC (LHAPS) amounting to £2,187,379 (2025: £1,885,957). Additionally, Lochaber Housing Association defrayed and recharged costs of £786,789 (2025: £730,871) to LHAPS and received rent from LHAPS amounting to £30,800 (2025: £30,800). LHAPS also paid an administration fee of £35,000 (2025: £35,000). In the year to 31 March 2025 Lochaber Housing Association agreed to fund the purchase of new vans for LHAPS at a cost of £121,032 by way of a loan with interest charged of £2,918 for the period to 31 March 2026 (2025: £2,019). At 31 March 2026 LHAPS owed £285,685 (2025: £314,487) to Lochaber Housing Association.

During the year the Association was recharged salaries and expenses from Lochaber Care & Repair (LCR) amounting to £42,663 (2025: £35,391). The Association paid a grant towards running costs of LCR of £25,000 (2025: £35,000). In addition, a significant amount of LCR's expenditure is incurred by the Association and subsequently reimbursed. Expenditure recharged to LCR during the year amounted to £349,057 (2025: £330,843). LCR leases workshop premises from the Association on a commercial basis and the rent charged for the year was £26,400 (2025: £26,400). As at 31 March 2026 LCR was owed £15,310 by the Association (2025: £8,644 owed to the Association).

14. RECEIVABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2026	2025
	£	£
Amounts due from group undertakings	60,764	*89,166*

15. RECEIVABLES

	2026	2025
	£	£
Gross arrears of rent & service charges	103,420	*124,961*
Less: Provision for doubtful debts	(63,988)	*(85,378)*
Net arrears of rent and service charges	39,432	*39,583*
Social housing grant receivable	11,016	*389,228*
Other receivables	634,679	*573,468*
Amounts due from group undertakings	224,921	*233,985*
	910,048	*1,236,264*

16. STOCK AND WORK IN PROGRESS

	2026	2025
	£	£
Properties for sale	420,000	-

17. CURRENT ASSET INVESTMENTS

	2026	2025
	£	£
Short term deposits	5,856,578	*3,572,417*

18. CASH AND CASH EQUIVALENTS

	2026	2025
	£	£
Cash at bank and in hand	1,324,216	*2,130,984*

19. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026	2025
	£	£
Bank loans	2,431,281	*553,842*
Trade payables	2,290	*1,333*
Rent received in advance	134,565	*135,722*
Social housing grant in advance	849,090	*1,138,829*
Other taxation and social security	31,228	*25,454*
Amounts due to group undertakings	15,309	-
Other payables	71,731	*62,841*
Accruals and deferred income	1,380,179	*1,054,980*
	4,915,673	*2,973,001*

20. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2026	2025
	£	£
Bank loans	10,911,456	*12,612,406*

21. DEBT ANALYSIS - BORROWINGS

	2026	2025
	£	£
Bank Loans		
Amounts due within one year	2,431,281	553,842
Amounts due in one year or more but less than two years	443,774	2,574,396
Amounts due in two years or more but less than five years	3,912,646	1,858,013
Amounts due in more than five years	6,555,036	8,179,997
	13,342,737	*13,166,248*

The Association has a number of bank loans the principal terms of which are as follows:

Lender	*Number of Properties Secured*	*Effective Interest Rate*	*Maturity (Year)*	*Variable or Fixed*
Nationwide	92	4.2%	2033	Variable
Allia	-	2.5%	2026	Fixed
Allia	-	4.8%	2030	Fixed
CAF Bank	31	5.5%	2040	Variable
Unity Bank	80	5.4%	2045	Variable

All the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

22. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Lochaber Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Association moved to a defined contribution scheme in 1 June 2016 but has a net liability for the past service deficit in the defined benefit scheme.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan was put in place to eliminate the deficit which runs to 31 March 2030.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2026 £	2025 £
Fair value of plan assets	1,264,000	1,347,000
Present value of defined benefit obligation	1,444,000	1,552,000
Surplus / (deficit) in plan	(180,000)	(205,000)
Unrecognised surplus	-	-
Defined benefit asset / (liability) to be recognised	(180,000)	(205,000)

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026	2025
	£	£
Defined benefit obligation at the start of period	1,552,000	1,643,000
Expenses	3,000	2,000
Interest expense	85,000	79,000
Actuarial losses (gains) due to scheme experience	(50,000)	15,000
Actuarial losses (gains) due to changes in demographic assumptions	14,000	-
Actuarial losses (gains) due to changes in financial assumptions	(19,000)	(153,000)
Benefits paid and expenses	(141,000)	(34,000)
Defined benefit obligation at the end of period	1,444,000	*1,552,000*

Reconciliation of opening and closing balances of the fair value of plan assets

	2026	2025
	£	£
Fair value of plan assets at start of period	1,347,000	1,435,000
Interest income	73,000	69,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(18,000)	(125,000)
Contributions by the employer	3,000	2,000
Benefits paid and expenses	(141,000)	(34,000)
Fair value of plan assets at the end of period	1,264,000	*1,347,000*

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £55,000.

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2026	2025
	£	£
Expenses	3,000	2,000
Net interest expense	12,000	10,000
Defined benefit costs recognised in statement of comprehensive income	15,000	*12,000*

Defined benefit costs recognised in the other comprehensive income

	2026	2025
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(18,000)	(125,000)
Experience gains and losses arising on plan liabilities - gain /(loss)	50,000	(15,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	(14,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	19,000	153,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	37,000	13,000
Total amount recognised in other comprehensive income - gain (loss)	37,000	13,000

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2026 £	2025 £	2024 £
Absolute Return	-	-	64,000
Alternative Risk Premia	-	-	52,000
Cash	-	7,000	37,000
Corporate Bond Fund	-	-	-
Credit	58,000	57,000	-
Credit Relative Value	-	-	51,000
Currency Hedging	-	2,000	(1,000)
Distressed Opportunities	-	-	53,000
Emerging Markets Debt	-	-	25,000
Global Equity	167,000	156,000	165,000
High Yield	-	-	-
Infrastructure	-	-	137,000
Insurance-Linked Securities	2,000	5,000	9,000
Investment Grade Credit	53,000	62,000	-
Liability Driven Investment	349,000	380,000	519,000
Liquid Alternatives	242,000	248,000	-
Long Lease Property	-	-	11,000
Net Current Assets	19,000	2,000	2,000
Opportunistic Credit	-	-	-
Opportunistic Illiquid Credit	-	-	57,000
Private Credit	163,000	168,000	-
Private Debt	-	-	58,000
Private Equity	3,000	1,000	1,000
Property	66,000	67,000	61,000
Risk Sharing	-	-	86,000
Real Assets	125,000	161,000	-
Secured Income	17,000	31,000	48,000
Total assets	1,264,000	1,347,000	1,435,000

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions

	2026	2025	2024
Discount Rate	6.0%	5.7%	4.9%
Inflation (RPI)	3.3%	3.1%	3.2%
Inflation (CPI)	3.0%	2.8%	2.8%
Salary Growth	4.0%	3.8%	3.8%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2026	20.7
Female retiring in 2026	22.9
Male retiring in 2046	21.9
Female retiring in 2046	24.4

23. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2025	52,092,728	1,051,507	53,144,235
Additions in the year	2,028,603	4,606,094	6,634,697
Eliminated on disposal	(187,526)	-	(187,526)
At 31 March 2026	53,933,805	5,657,601	59,591,406
Amortisation			
At 1 April 2025	18,644,939	175,353	18,820,292
Amortisation in year	1,082,750	125,431	1,208,181
Eliminated on disposal	(147,117)	-	(147,117)
At 31 March 2026	19,580,572	300,784	19,881,356
Net book value			
At 31 March 2026	34,353,233	5,356,817	39,710,050
At 31 March 2025	33,447,789	876,154	34,323,943

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

	2026 £	2025 £
Amounts due within one year	1,208,181	*1,132,876*
Amounts due in more than one year	38,501,869	*33,191,067*
	39,710,050	*34,323,943*

24. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2026 £	2025 £
At 1 April	34	*42*
Issued in year	4	*1*
Cancelled in year	(5)	*(9)*
At 31 March	33	*34*

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.

25. CASH FLOWS

Reconciliation of net cash flow to movement in net debt		2026		2025
	£	£	£	£
Decrease in cash	(806,768)		*(471,530)*	
Change in liquid resources	2,284,161		*57,181*	
Cashflow from change in net debt	(176,489)		*617,326*	
Movement in net debt during the year		1,300,904		*202,977*
Net debt at 1 April		(7,462,847)		*(7,665,824)*
Net debt at 31 March		*(6,161,943)*		*(7,462,847)*

Analysis of changes in net debt	*At 01 April 2025*	*Cashflows*	*Other Changes*	*At 31 March 2026*
	£	£	£	£
Cash and cash equivalents	*2,130,984*	(806,768)	-	*1,324,216*
	2,130,984	(806,768)	-	1,324,216
Liquid resources	*3,572,417*	2,284,161	-	5,856,578
Debt: Due within one year	*(553,842)*	(176,489)	(1,700,950)	(2,431,281)
Due after more than one year	*(12,612,406)*	-	1,700,950	(10,911,456)
Net debt	*(7,462,847)*	1,300,904	-	(6,161,943)

26. CAPITAL COMMITMENTS

	2026	2025
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	6,070,758	2,192,371

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

27. COMMITMENTS UNDER OPERATING LEASES

	2026	2025
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Land and Buildings		
Expiring in the next year	5,100	5,100
Expiring later than one year and not later than five years	20,400	20,400
Expiring later than five years	366,231	371,331
Other		
Expiring in the next year	7,437	8,225
Expiring later than one year and not later than five years	3,324	10,761

28. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 101 High Street, Fort William, Inverness-shire, PH33

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Lochaber.

29. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £1,924 (2025 - £2,262) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

30. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2026 No.	2025 No.
General needs	736	*727*
Shared ownership	39	*40*
	775	*767*

31. RELATED PARTY TRANSACTIONS

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

Any transactions between the Association and any entity with which a Board of Management member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board of Management members (and their close family) were as follows:

	2026 £	2025 £
Rent received from tenants on the Board of Management and their close family members	-	*530*

Several members of the housing association's Management Committee are also members a local enterprise called the Communities Housing Trust. This partnership had provided housing development services and the charge to the Association for year is £nil (2025 - £12,000).

32. CONTINGENT LIABILITY

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2026 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.