BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LTD
LOCHALSH AND SKYE HOUSING ASSOCIATION

REPORT OF THE BOARD AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

SCOTTISH CHARITY NO. SC038019
REGISTERED HOUSING ASSOCIATION NO. 324
FCA REGISTRATION NO. 2132 RS

MORRISON HOUSE, BAYFIELD, PORTREE, ISLE OF SKYE, IV51 9EW
TELEPHONE: 01478 612035 EMAIL: INFO@LSHA.CO.UK
www. LSHA.co.uk

CONTENTS

	Page
Board Members, Executives and Advisers	3
Report of the Board	4-10
Statement of the Board's Responsibilities	11
The Board's Statement of Internal Financial Control	12
Independent Auditor's Report to the members	13-15
Report by the Auditors on Corporate Governance Matters	16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Reserves	19
Statement of Cashflows	20
Notes to the Financial Statements	21-40

Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited

BOARD MEMBERS, EXECUTIVES AND ADVISERS
For the year ended 31 March 2026

Board Members

The Board is elected by the Association's members at a General Meeting unless they are appointed to fill a casual vacancy or are co-opted.

The members of the Board from 1 April 2025 to the date of this report were as follows:

Mr Ian Young (Chair)
Prof David Clapham (vice-Chair)
Mr Robert Muir (vice-Chair)
Dr Audrey Sinclair
Ms Liz Williams
Mr Robin Nairn
Mr Gareth Morgan (resigned 03.05.2026)
Mrs Joanne Boulton (resigned 03.05.2026)
Mr Callum Wynd (appointed 08.09.2025, resigned 04.04.2026)
Mr Tim Wallis (appointed 08.09.2025)
Mr Stephen Proudfoot (appointed 13.10.2025)
Mr Rob Malcolm (appointed 13.10.2025)
Ms Emma Macleod (appointed 27.04.2026)

Executive Officer

Ms Fanchea Kelly, Chief Executive Maternity Cover, from 02.12.2024 until 01.12.2025, Ms Lowri Richards, Chief Executive, from 01.12.2025 to present.

Company Secretary:

Ms Fanchea Kelly from 02.12.2024 until 01.12.2025, Ms Lowri Richards from 01.12.2025 to present.

Auditor:

RSM UK Audit LLP
4th Floor, G1
5 George Square
Glasgow
G2 1DY

Bankers:

Royal Bank of Scotland
Bank Street
Portree
Isle of Skye
IV51 9BX

Internal Auditor:

Wbg Services LLP
168 Bath Street
Glasgow
G2 4TP

Solicitors:

Munro & Noble
4 Church Street
Dingwall
IV15 9SB

Macleod and MacCallum
28 Queensgate
Inverness
IV1 1DJ

The MacKenzie Law Practice
Highland Rail House
Station Square
Inverness
IV1 1LE

Legal Status

The Association is registered with the following:-

- The Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, No. 2132 RS
- The Scottish Housing Regulator as a Registered Social Landlord, No. 324
- The Office of the Scottish Charity Regulator as a Charity, No. SC038019
- The Scottish Government as a Property Factor No. PF 000139
- Information Commissioner's Office, Registration Reference Z6024339

The Association operates under Rules based on the Scottish Federation of Housing Associations' Charitable Model Rules (Scotland) 2020.

Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited

REPORT OF THE BOARD
For the year ended 31 March 2026

The Board, with the Trustees of the Charity, presents its Report and the audited Financial Statements for the year ended 31 March 2026. Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited is also known as Lochalsh & Skye Housing Association and is referred to throughout this report as "the Association".

AIMS AND OBJECTIVES

The Association's aims are:-

- To work in partnership to develop, manage and maintain housing for rent, for those unable to meet their needs in the open market. In addition, LSHA aims to provide related services that make a positive contribution to the protection and improvement of the social, economic, health and cultural wellbeing of the whole community.

Our Strategic Objectives and Key principles support delivery of these aims.

Our Strategic Objectives are to;-

Create a resilient organisation; financially, digitally and through our asset management and sustainability strategy:

- Financial: Build the financial capacity to withstand risks in the next five years, with net surpluses rising to £736k and minimum cash balances of £1,600k over the life of the plan.
- Digital: Become a more efficient, digitally mature landlord, with co-designed 24/7 digital access, for main transactions and for engagement with tenants.
- Assets: reduce fuel poverty and increase the provision of affordable warmth and contribute to mitigating or adapting to climate change.
- Deliver our Asset Management Strategy – ensuring that homes are safe, well maintained, and upgraded based on stock condition evidence with intelligence and accurate data. Ensuring investment is prioritised effectively and the performance of homes and neighbourhoods is improved.
- Sustainability: Create a new strategy and further develop a culture and operational service that aligns with our social, economic and environmental goals.

Ensure the sustainable growth of housing and communities:

- Build around 176 new affordable homes, in urban, rural and remote rural communities across Lochalsh and Skye.
- Understand the housing ambitions and housing need in local communities. Explore the feasibility of tenure choice and different housing models to increase provision of and access to affordable housing. Develop solutions for key workers and retaining young people.
- Influence and collaborate - Engage with tenants, community groups, government, sector policy makers, and partners to understand the needs of Lochalsh and Skye's communities and participate in the delivery of joint solutions. Facilitate tenancy sustainability and tenant engagement.
- Support independent living by retaining our Care and Repair and Handyperson/Technology Enabled Care services (NHS/THC funded): completing over 10,000 tasks and supporting around 70 households a year (owner-occupiers or tenants) with Care and Repair and adaptations services.
- Maximise tenancy sustainment through quality and timely advice and support, including welfare advice, energy advice and holistic services.

Develop our people:

- Maximise our people potential and satisfaction with £86k available for investing in the skills, resourcing and capacity over the next five years to deliver for our communities.
- Strengthen and nurture our governing body membership; delivering training and development opportunities for Board Members, recruitment, onboarding and succession planning to ensure good governance is embedded.

Our key principles which support our strategic objectives are:

SUSTAINABLE HOUSING AND COMMUNITY - FOCUSSED

- To be a customer centred landlord, keeping the needs of tenants and other customers at the forefront of how we design services
- To make sure housing costs are affordable for our customers
- To help create balanced, successful and sustainable communities through the provision of housing that best meets local needs
- To embrace our wider, community anchor role, improving and protecting the environment, economy, health and wellbeing of our customers and the communities we serve.

PEOPLE AND CULTURE

- To be a learning, efficient, effective and growing organisation
- To be an excellent employer, maximising staff potential through empowerment, and investing in training and development
- To foster a culture which commits to:
    - treat everyone fairly, equally and sensitively
    - be courteous, friendly and efficient
    - be as open, informative and accessible as possible whilst respecting confidentiality
    - strive to continuously improve our service standards
    - listen to our customers and act on their feedback
    - be open about our performance and our plans.

ENGAGEMENT AND COLLABORATION

- To promote tenant involvement, ensuring that tenants understand what we do, and can influence service provision, policies and procedures that affect them
- To collaborate with all our stakeholders to help achieve our aims and objectives.

These aims, objectives and key principles are consistent with our charitable objectives, which are:-

- To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care
- Any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and in relation to the application of the Taxes Acts.

The permitted activities and powers of the Association will include anything necessary or expedient to help achieve these objectives.

Principal Activities

The principal activities of the Association are the development, management and maintenance of housing in Skye and Lochalsh for people in housing need.

Business Review

In the period under review, the Association has been involved in a range of activities and partnerships which have contributed towards achieving its aims and objectives.

Key aspects of the period under review are detailed below:

- The Association incurred Capital Expenditure of £8,187k on housing projects of which £7,422k was spent on developing and acquiring new properties and £765k on improving existing properties.
- As an Agent of the Highland Council and NHS Highland, the Association arranged the expenditure of £644k on Care and Repair and Handyperson Projects for older and disabled customers throughout the area.
- The managed housing stock comprised:

	2026	2025
Our own tenanted stock	854	846
Managed on behalf of others	0	12
Shared Ownership stock	18	18
TOTAL	872	876

Relationships with other charities and organisations

The Association is represented on the Boards of the following organisations:

- Highland Housing Alliance - non charitable company, Company No. SC279579 (ended October 2025)
- Communities Housing Trust - Charity No. SC027544, Company No. SC182862

Surplus for the year and Reserves

The Association made a surplus of £375k (2025 –surplus £187k) which has been retained in the Income and Expenditure Reserve. In addition, a re-measurement of the Association's Pension Liability has produced an actuarial gain of £33k (2025 – actuarial loss of £16k) which is shown as Other Comprehensive Income which has been reflected as an increase in the Income and Expenditure Reserve.

At 31 March 2026 the Association held total capital and reserves of £5,886k, (2025 - £5,478k), of which £5,886k was held in the Income and Expenditure Reserve (2025 - £5,478k).

Pension Risk Management

The Board regularly reviews the Association's participation in the SHAPS pension scheme. This review looks at the defined pension benefits available to staff and the future cost of the associated contributions to the scheme. If the pension liability increases or fails to reduce, the Board can take steps to review the Association's participation in the scheme or reduce the level of pension benefits available to staff to contain costs and limit future liabilities.

Going Concern

The Board has reviewed the results for this year and has reviewed the financial projections for the next 5 years along with forecasts set out in the Association's 30-year Financial Plan. The projections have been stress tested for variations in interest, inflation and rent income as well as including proposed development and improvements to current housing stock and the funding requirements for this work. Continuing economic uncertainty and cost inflation being caused by the current geopolitical climate has also been considered in making this assessment.

The Board has concluded that the present arrangements are adequate for the Association to meet its liabilities as they fall due for the foreseeable future. Accordingly, it continues to adopt the Going Concern basis in preparing the financial statements.

Corporate Governance Review

The Board

Meetings of the Board are normally held monthly and the main responsibilities of the Board include:-

- setting the Association's Aims and Objectives and agreeing its Strategy and Business Plan
- considering and approving policies and procedures
- ensuring compliance with legal obligations and requirements in the Scottish Housing Regulatory Framework
- ensuring adequate resources are in place to deliver the activities of the Association.

Members of the Board commit to the Scottish Federation of Housing Association's Code of Conduct for Governing Body Members and are subject to annual appraisals as set out in the Regulatory Framework.

The Association has an Audit, Finance and Risk Sub-Committee which meets on a quarterly basis. Ad-hoc Sub-Committees may be established by the Board to consider specific issues as required.

Corporate issues

The Association annually submits its Business Plan, all regulatory returns, and the Annual Assurance Statement to the Scottish Housing Regulator (SHR). It regularly reviews its procedures and practices to ensure compliance with all Regulatory requirements and Standards. The SHR has confirmed that LSHA is fully compliant and is engaging with LSHA on financial management and development plans due to our scale of programmed activity and the private finance and public subsidy needed to support this. The Board maintains an intensive focus on governance improvement as an investment in a secure future and in its reputation as a landlord for its customers across Lochalsh and Skye.

Operational performance and Benchmarking

The Association benchmarks performance against other Registered Social Landlords within its rural peer group as defined by the Scottish Housing Regulator and a bespoke Highland and Island landlord peer group is used for quarterly key performance indicator benchmarking with the Board. The SHR peer group report is presented annually to the Board following publication of the Annual Return of the Charter, and the results are used to inform target setting for the delivery of services. The annual report to tenants is published showing performance on key services.

The 3-yearly Tenant Satisfaction Survey was completed by independent researchers in 2024-2025 and reported to the Board, alongside regular quarterly operational performance monitoring.

The Association is a member of Scotland's Housing Network and HouseMark for benchmarking and best practice purposes.

Internal Audit

The Association has a rolling programme of internal audit and the Strategic Internal Audit Plan 2024-2027 from WBG as internal Auditor is approved by Board. It identifies operational areas to be examined during the period and the outcomes of the Internal Audit reports are considered regularly by the Board and Action Plans approved.

Risk Management

The activities undertaken by the Association are varied and often complex and therefore a review of our existing Risk Management Policy was completed in 2025-2026 to describe how the Association will assess and manage the risks associated with its activities. Board members have also received in-depth training on reviewing risks and completed updated assessments on risk appetite, which have been incorporated into a revised strategic Risk Register.

In considering its approach to risk management, the Association is mindful of the need to balance a prudent approach to the risks associated with its business with the need to ensure an innovative and creative approach to opportunities and challenges. The Association regards effective risk management as an essential component of its business strategy and crucial to maintaining its position as a successful and highly regarded housing association.

The Association's Risk Register identifies strategic risks and operational risks, classified according to likelihood and impact with mitigation action identified. Progress against agreed actions is monitored by the Senior Management Team and subsequently reviewed as part of the Business Plan process, with quarterly monitoring of the Risk Register by the Audit, Finance and Risk Sub-Committee and reported to the Board.

Risk Management (continued)

The Association recognises that its plans must be flexible enough to allow for changes which may largely be outwith its control. The Risk Register identifies a range of mitigating actions which are being undertaken. In addition, the Association's Financial Plan has a range of stress testing scenarios included as appendices which consider the key financial factors or risks that may arise and quantifies their potential financial impact.

The major risks and mitigating actions identified in the Association's Risk Register during the year included:

Risk	Mitigating Action(s)
Financial Sustainability - Unexpected change in bank interest rates and CPI. Leads to pressure on budget and competing investment and cost centres, in extreme cases impacting viability. Rents become unaffordable; increasing arrears, bad debt, abandonments, with an impact on tenant quality of life and reduced cash flow for the Association.	• Monitor planning assumptions and cashflows in Financial Plan and adjust accordingly. • Review borrowing strategy and borrowing capacity annually. Includes readiness to switch between fixed & variable rates when circumstances allow. • Assist in maximising tenants' income through energy advice and tenancy sustainment activities. • Target financial advice to affected tenants and maximise the use of the Tenant Adviser and information outlets • Apply SFHA Guidance on Rent Affordability and review Rent Setting Policy.
Digital infrastructure – inability to keep systems and infrastructure secure, maintain accurate data and resilience from cyber threats/technological failure.	• Review ICT Disaster and Recovery Plans and Business Continuity plans. • Staff and Board training on cybersecurity and data protection. • Implement internal audit recommendations. • Check system data is held securely in live and non-production environments. • Review and adhere to data retention schedules. • Develop AI policy usage for staff.
Business Resilience - Failure to fund repairs or replacement for big infrastructure before system failure. Impact of global fuel crisis and energy insecurity. Extreme weather events impacting on service provision and quality of housing. External events impacting on loss or reduced services e.g. teleswitch failure or digital threats.	• Consideration of different financial models to cover infrastructure investment - repair or replacement. • Options appraisal for replacement of large-scale infrastructure. • Implement contingency plans for minimal disruption to service provision. • Fuel-saving behaviours and efficiencies implemented and cost-monitoring. • Risk assessments completed for extreme weather conditions.
Capability and capacity – unable to deliver our priorities and objectives due to staff recruitment and retention failure.	• Develop and monitor the implementation of our People Strategy. Invest in handover processes and documenting operating models. • Invest in leadership, training, development and upskilling. • Develop succession plans and trainee roles to support internal career pathways.
Engagement and collaboration – failure to identify and maximise opportunities for partnership, and meet the expectations of our communities, customers and stakeholders.	• Ensure contracts are well-funded with external agencies and monitor future funding bids. • Involvement in strategic planning with partners to influence positive outcomes for our communities. • Undertake detailed research and options appraisals for new ventures. • Tenant participation strategy implemented.
Governance, compliance and professionalism – failure to comply with regulatory standards and legislation, and inability to deliver our priorities and objectives.	• Invest in recruitment and retention of suitably qualified/experienced Board members. • Regular review of standing orders and scheme of delegation. • Performance monitoring with SMT.

Quality of Housing - Failure to improve and maintain safe, energy efficient and good quality affordable homes that comply with regulations and standards.	• Support SFHA lobbying Scottish/UK Government to address supply chain issues, provide evidence to SFHA/SG on tender prices and mismatch with current cost limits, review levels of private finance required for projects and impact on proposed rent levels. • Deliver robust Asset Management Programme. Monitor and report to the Board on compliance targets. • Onboard multiple new contractors to ensure sufficient availability to match the number of compliance checks due. Introduce new operational process to prevent overdue checks. • Annual completion of 20% stock condition surveys to develop asset management plans. 10% stock audited every three years for assurance of robust SHQS surveys completed.
Growth – development is unviable or scaled back, quality is compromised or becomes unsustainable. Results in unmet housing need.	• Calculated, quantified and controlled development risk. New methodology for scoring early development leads and smaller scale rural projects to ensure not just financially viable but also logistically possible and a strong social/economic/environmental return on investment. • Development Plan forecasting and risk management reported regularly at Board. • Maintain diverse list of framework contractors, develop capacity of in-house provision, procurement with community benefit clauses to increase local capacity, modular construction.
Safety and Security – unable to support, protect and improve health, safety, security and wellbeing of customers and staff.	• Full compliance with LSHA Damp & Mould Management Process for any reportable instances. • Improved scrutiny/reporting on this to AFR/Board through asset management and health and safety KPIs.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Maintenance Policies

The Association seeks to maintain its properties to the highest standard, including through its cyclical and planned maintenance programmes with costs showing in the Statement of Comprehensive Income.

The cost of replacing specified components (see Accounting Policies Note I on page 20) is capitalised within the terms outlined in the Statement of Recommended Practice 'Accounting by registered social landlords 2018' ("SORP"). Other works are charged to the Statement of Comprehensive Income.

Treasury Management

The Association operates in accordance with its Treasury Management Policy which covers its funding or borrowing from external sources and the lending or investment of surplus balances. It also deals with the internal movement of surplus funds between accounts.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2026, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives and in maintaining Health & Safety standards in all areas.

Guidance on Payments, Benefits and Corporate Accountability

Guidance on payments, benefits and corporate accountability is covered by an Entitlements, Payments and Benefits policy and procedures.

The amount spent on promoting the Association in the year was £1k (2025 - £nil).

Disclosure of Information to the Auditor

The members of the Board 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

RSM UK Audit LLP have agreed to offer themselves for re-appointment as auditors of the Association.

By the order of the Board



Lowri Richards
Secretary

Date: 20/08/26

STATEMENT OF THE BOARD'S RESPONSIBILITIES
For the year ended 31 MARCH 2026

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which 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 these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it 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 – February 2019.

The Board is responsible for the maintenance and integrity of the financial information included on the Association's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By the order of the Board

Secretary

Date: 20/08/26

Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited

THE BOARD'S STATEMENT OF INTERNAL FINANCIAL CONTROL
For the year ended 31 MARCH 2026

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. 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 the Association's assets;
- experienced and suitably qualified employees take responsibility for the important business functions and regular appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- the Board receive reports from management, and from internal and external 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; and
- formal procedures have been established for instituting appropriate action to correct any weakness identified through internal or external audit reports;
- an internal auditor has been appointed in accordance with the requirements of Guidance Note 97/06. An audit plan was set and completed for the year. The results of the work confirm that the Association has satisfactory procedures for managing its finances.

The Board has reviewed the effectiveness of the Association's systems of internal financial control for the year ended 31 March 2026 and until the date when the financial statements were approved. No weaknesses were found in 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.

By the order of the Board

Secretary

Registered Office
Morrison House
Bayfield
PORTREE
Isle of Skye
IV51 9EW

Date: 20/08/26

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board'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 about the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect of going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED

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

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Association operates in and how the Association is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Scottish Housing Acts, the Housing SORP and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006, 2010, 2014, 2025, the Co-operative and Community Benefit Societies Act 2014, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Scottish Housing Regulator's regulatory framework and the Data Protection Act. We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the existence, completeness and valuation of income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, in relation to management override of internal controls. Audit procedures in relation to assertion risks for income included but were not limited to substantive analytical review to test the grant and rental income that was recognised, selecting a sample of rental income to assess whether it was recognised in accordance with rent review letters or signed tenancy agreements which agree to the housing management system and corroborating a sample of other income to supporting documentation.
A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED

Use of Our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants

4th Floor, G1
5 George Square
Glasgow
G2 1DY

Date: 20/08/26

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

REPORT BY THE AUDITORS TO THE MEMBERS OF BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED ON CORPORATE GOVERNANCE MATTERS
For the year ended 31 MARCH 2026

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

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

Opinion
In our opinion the Statement on Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
4th Floor, G1
5 George Square
Glasgow
G2 1DY

Date: 20/08/26

Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2026

	Notes	2026 £'000s	2025 £'000s
TURNOVER	2	7,276	6,909
Operating expenditure	2	(5,647)	(5,551)
OPERATING SURPLUS	6	1,629	1,358
Interest receivable		47	73
Interest and financing costs	5	(1,301)	(1,366)
Gain on disposal of property, plant and equipment		-	90
Fair value gain on revaluation of investment property	11	-	32
SURPLUS BEFORE TAX		375	187
Taxation	7	-	-
SURPLUS FOR THE YEAR		375	187
OTHER COMPREHENSIVE INCOME			
Actuarial gains / (losses) in respect of defined benefit Pension scheme	26	33	(16)
TOTAL COMPREHENSIVE INCOME		408	171

The accompanying notes form part of these financial statements

Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited

STATEMENT OF FINANCIAL POSITION
As at 31 March 2026

	Notes	2026 (£'000s) £	£	2025 (£'000s) £	£
FIXED ASSETS					
Housing properties	10a		92,883		86,927
Other fixed assets	10b		568		589
Investment properties	11		405		405
			93,856		87,921
CURRENT ASSETS					
Properties held for sale	12	-		-	
Trade and other debtors	15	446		1,196	
Cash and cash equivalents	23	4,004		2,441	
		4,450		3,637	
CURRENT LIABILITIES					
Payables falling due within one year	16	(2,042)		(2,194)	
Deferred grant falling due within one year	16	(1,606)		(1,451)	
NET ASSETS			802		(8)
TOTAL ASSETS LESS CURRENT LIABILITIES			94,658		87,913
LONG-TERM LIABILITIES					
Creditors:					
Payables falling due after more than one year	17	(28,357)		(27,351)	
Deferred grant due after more than one year	17	(60,038)		(54,613)	
			(88,395)		(81,964)
Pension – defined benefit net liability	26	(377)		(471)	
			(377)		(471)
TOTAL NET ASSETS			5,886		5,478
RESERVES					
Called up share capital	20		-		-
Income and expenditure reserve			5,886		5,478
TOTAL RESERVES			5,886		5,478

These financial statements were approved and authorised for issue by the Board on 20th August 2026 and signed on their behalf by:

Board Member David Clapham

Board Member

Secretary

STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2026

	Income and expenditure reserve	Total
	£,000s	£'000s
Balance at 1 April 2024	5,307	5,307
Surplus for the year	187	187
Other Comprehensive Income	(16)	(16)
Balance as at 31 March 2025	5,478	5,478
Surplus for the year	375	375
Other Comprehensive Income	33	33
Balance as at 31 March 2026	5,886	5,886

Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited

STATEMENT OF CASHFLOWS
For the year ended 31 March 2026

	Notes	2026 (£'000s) £	2026 (£'000s) £	2025 (£'000s) £	2025 (£'000s) £
Net cash generated from operating activities	23		2,670		2,654
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(8,196)		(3,825)	
Housing grants received		7,097		1,381	
Housing grants (repaid)		-		(43)	
Proceeds from sale of tangible fixed assets		-		141	
Interest received		47		73	
Net cash used in investing activities			(1,052)		(2,273)
CASH FLOW FROM FINANCING ACTIVITIES					
Interest paid		(1,276)		(1,366)	
New secured loans		2,000		3,645	
Capitalised loan interest		86		84	
Repayment of borrowings		(865)		(795)	
Net cash (used in)/from financing activities			(55)		1,568
Net increase/(decrease) in cash and cash equivalents			1,563		1,949
Cash and cash equivalents at start of year			2,441		492
Cash and cash equivalents at end of year	23		4,004		2,441

Reconciliation of Net Cash Flow to Movement in Net Debt	**2026 £'000s**	**2025 £'000s**
(Increase) in cash at bank	(1,563)	(1,948)
Loan advances received	2,000	3,645
Capitalised loan interest	86	84
Loan redemption payments	(862)	(795)
	(339)	986
Net debt at 1 April	25,622	24,636
Net debt at 31 March	25,283	25,622

Analysis of Changes in Net Debt	**At 01/04/25 £'000s**	**Cash Flows £'000s**	**At 31/03/26**
Cash and Bank and in Hand	2,441	1,563	4,004
Debt due within one year	(713)	(217)	(930)
Debt due after one year	(27,350)	(1,007)	(28,357)
Total	(25,622)	339	(25,283)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2026

1 ACCOUNTING POLICIES

A. Legal Status

The Association is constituted under its Rule Book and is registered as a non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority No. 2132 RS and is registered with the Scottish Housing Regulator No. 324. The Association gained charitable status on 3 April 2007 as Scottish Charity No. SC038019. Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited is a Public Benefit Entity

The registered and principal place of business is Morrison House, Bayfield, Portree, Isle of Skye, IV51 9EW.

B. Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and to comply with the Determination of Accounting Requirements 2019, and under the historical cost convention. The financial statements are prepared in Sterling (£) and rounded to the nearest £'000 unless where otherwise stated.

The Association is a public benefit entity (PBE).

C. Going Concern

The Board consider on an annual basis the appropriateness of preparing the Association's Financial Statements on a going concern basis. Matters which are taken into account in this process include:

- the prevailing economic climate, both internationally and locally and its impact, if any, on the Association's viability.
- the financial position of the Association and the impact, if any, of perceived weaknesses on the Association's viability.
- the short, medium and long term financial prospects resulting from the modelling exercise carried out annually in updating the Association's 30 year Financial Plan including sensitivity analyses and independent verification of key underlying assumptions.

Further review and stress testing has been carried out in light of ongoing economic uncertainty and cost inflation being caused by the current geopolitical climate. This includes consideration of the impact on income streams of delays to the completion of new build properties, increases in the number of void properties and increases in the levels of arrears and bad debts.

In the absence of any fundamental shortcomings raised as a result of the above exercise the Board consider the going concern assumption underlying the preparation of the Association's Financial Statements to be appropriate.

D. Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Obligations under the SHAPS defined benefit pension scheme

The estimate of the defined benefit obligation is based on a number of critical underlying actuarial assumptions which are reviewed by management. These include standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 26). The net defined benefit pension liability at 31 March 2026 was £377k (2025 - £471k).

Impairment of Fixed Assets

The Association does not consider any individual housing schemes to be separate cash generating units when assessing for impairment in accordance with SORP 2018.

Recoverable amount of rent arrears and other debtors

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

Useful lives of properties, plant and equipment

The Association assesses the useful lives of its properties, plant and equipment and uses this as a basis for estimating the annual charge to be depreciated.

Components of housing properties

The Association assesses the useful lives of major components of its housing property and uses this as a basis for estimating the annual charge to be depreciated.

Valuation of property and impairment review

The Association's properties are reviewed annually for impairment in line with the Association's impairment policy. Investment property is valued on a regular basis by an external qualified surveyor. A review undertaken by management in June 2025 concluded that there was no impairment of Association properties.

ACCOUNTING POLICIES (continued)

E. Turnover

Turnover represents rental, service and management charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value and revenue based grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

F. Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

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

G. Other Grants

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

H. Borrowing

Mortgage loans are advanced by private lenders and local authorities under the terms of individual mortgage deeds in respect of each housing scheme. Advances are available only in respect of those developments which have been approved for Social Housing Grant (SHG).

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale. All other borrowing costs are expensed as incurred.

I. Tangible Fixed Assets - Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Development costs are capitalised to the extent that they are directly attributable to specific schemes and where such costs are not felt to be excessive. Labour costs of the Association's development staff and in-house staff fulfilling the client role, indirectly arising from the construction or acquisition of properties, are charged to the Statement of Comprehensive Income as incurred.

Works to existing properties which replace a component that has been treated separately for depreciation purposes (see Note L below), along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue of valuations are prior to the year end.

J. Investment Properties

Investment property is initially measured at cost and subsequently stated at fair value. The gain or loss arising from changes in the fair value are included in the Statement of Comprehensive Income. No depreciation is provided on investment property in line with FRS 102 as the Board considers that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

ACCOUNTING POLICIES (continued)

K. Depreciation of Housing Properties

Depreciation is charged on a straight line basis over the expected useful lives of each major component that makes up the housing property as shown below. Depreciation is not charged on land or assets under construction

Structure	- 60 years
Roof	- 50 years
Electrics	- 50 years
Windows/External Doors	- 25 years
Bathroom	- 25 years
Heating System	- 20 years
Kitchen	- 15 years
Biomass Plant	- 30 years
Drying Green	- 60 years

A full year's depreciation is charged in the year of purchase or acquisition but no depreciation is charged in the year of sale or disposal.

L. Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that any fixed assets (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

M. Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Land and Buildings	-	same as housing properties (see above)
Housing Furniture	-	20% straight line
Office Equipment & Furniture - General	-	15% reducing balance
Office Equipment & Furniture - IT	-	33.3% straight line
Energy Monitoring Equipment	-	15% straight line
Motor Vehicles	-	25% reducing balance

A full year's depreciation is charged in the year of purchase or acquisition but no depreciation is charged in the year of sale or disposal.

N. Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed 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 fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with Statement of Recommended Practice. Property developments that are intended for resale are included in current assets until disposal.

O. Sale of Shared Ownership/Shared Equity Properties

First tranche Shared Ownership disposals are credited to turnover on completion and the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income, in accordance with the Statement of Recommended Practice.

Disposals under shared equity schemes are accounted for in Statement of Comprehensive Income. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's Statement of Financial Position.

ACCOUNTING POLICIES (continued)

P. Taxation

The Association has charitable status and is registered with the Office of the Scottish Charity Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

Q. VAT

The Association first registered for VAT on 25 April 2008. The registration took effect in the year to 31 March 2008. On 1 April 2013 the Association, along with its subsidiary NWHCE (now dormant), obtained group registration for VAT. The majority of the Association's income is exempt for VAT purposes, giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

R. Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

S. Leases

Operating Leases

Operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

T. Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

U. Retirement Benefits

Defined Contribution plans

For defined contribution schemes the amount charged to the Statement of Comprehensive Income is the amount of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined Benefit plans - Scottish Housing Association Pension Scheme (SHAPS)

For defined benefit schemes the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability.

The net defined benefit pension deficit liability has been included within the provisions for pension liability in the financial statements. Re-measurements are reported in other comprehensive income.

Refer to Note 26 for more details.

V. Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the Statement of Comprehensive Income on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in these accounts.

X. Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

ACCOUNTING POLICIES (continued)

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

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

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

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

De-recognition of financial assets

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Y. Provisions
Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Z. Reserves
The Association would establish restricted funds for specific purposes where their use is subject to restrictions imposed by third parties.

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

	Note	Turnover	Other operating income	Operating costs	2026 Operating Surplus/ (Deficit)	2025 Operating Surplus/ (Deficit)
		£'000s	£'000s	£'000s	£'000s	£'000s
Affordable letting activities	3	6,530	-	5,003	1,527	1,326
Other activities	4	746	-	644	102	32
		7,276	-	5,647	1,629	1,358
Total for previous period of account		6,909	-	5,551	1,358	

3 PARTICULARS OF INCOME AND EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £000's	Shared Ownership £'000s	2026 Total £'000s	2025 Total £'000s
Income from Affordable Lettings				
Rent receivable net of service charges	4,811	60	4,871	4,505
Service Charges	74	2	76	71
Gross income from rents and service charges	4,884	62	4,946	4,576
Less: Rent losses from Voids	(34)	-	(34)	(21)
Net income from rents and service charges	**4,850**	**62**	**4,912**	**4,555**
Grants released from deferred income	1,504	13	1,517	1,446
Other revenue grants	101	-	101	122
Total Turnover from affordable letting activities	**6,455**	**75**	**6,530**	**6,122**
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,661	-	1,661	1,524
Service costs	20	-	20	90
Planned and cyclical maintenance including major repair cost	394	-	394	316
Reactive maintenance costs	645	-	645	726
Bad debts – rents and service charges	52	-	52	51
Depreciation of affordable let properties	2,216	15	2,231	2,089
Operating costs for affordable letting activities	**4,988**	**15**	**5,003**	**4,796**
Operating surplus for affordable letting activities	**1,467**	**60**	**1,527**	**1,326**
Operating surplus for affordable letting activities for previous reporting period	**1,291**	**35**	**1,326**	

The Association has no Supported Accommodation.

Development administration costs are now included in affordable letting activities rather than other activities, as they are incurred to increase the number of properties available to let.

4 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £'000s	Other Revenue Grants £'000s	Other Income £'000s	Total Turnover £'000s	Operating Costs - Bad debts £'000s	Other Operating Costs £'000s	2026 Operating Surplus/ (Deficit) £'000s	2025 Operating Surplus/ (Deficit) £'000s
Wider role activities:								
Care and repair	-	65	266	331	-	327	4	(55)
Investment & other property activities	-	-	49	49	-	-	49	52
Handyperson Service	-	356	-	356	-	317	39	7
Energy Advice Service	-	-	-	-	-	-	-	55
Mid-Market Properties	-	-	-	-	-	-	-	-
Other rents	-	-	-	-	-	-	-	-
Heat Sales	-	-	-	-	-	-	-	-
Other operating income and costs	-	-	10	10	-	0	10	(27)
Total from other activities	**-**	**421**	**325**	**746**	**-**	**644**	**102**	**32**
Total from other activities for previous reporting period	**-**	343	436	779	-	747	32	

5 INTEREST AND FINANCING COSTS

	2026 £'000s	2025 £'000s
Bank Loans and Overdrafts	1,231	1,339
Non-utilisation and other loan fees	45	27
Defined benefit pension scheme – net interest expense	25	-
	1,301	1,366

Interest incurred in the development period of housing projects which has been written off to the Statement of Comprehensive Income amounted to £1,231k (2025 - £1,339k).

6 OPERATING SURPLUS

	2026 £'000s	2025 £'000s
Operating surplus is stated after charging: -		
Depreciation of housing properties	2,231	2,088
Depreciation of other fixed assets	30	30
Operating lease rentals	139	145
	2,400	2,263
External auditor's remuneration:		
Audit services (excluding VAT)	20	20

7 TAXATION

Charitable status was obtained on 3 April 2007. All activities since that date meet the definition of charitable purposes, or are ancillary thereto: surpluses are therefore not normally liable to Corporation Tax.

8 EMPLOYEES

Number of employees	2026 No.	2025 No.
The average monthly number of Full Time Equivalent persons (including key management personnel) employed by the Association during the year was:	42	44
The average total number of Employees employed during the year was;		
Full Time	36	34
Part Time	10	15
	46	49

Staff Costs	2026 £'000s	2025 £'000s
Salaries	1,742	1,654
Social security costs	226	176
Defined Benefit Pensions	(7)	77
Defined Contribution Pensions	41	34
	2,002	1,941

9 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as the members of the Board, the Chief Executive and the Director of Finance and Investment.

	£	**£**
Emoluments payable for the Chief Executive Officer role, which is the highest paid key management position, including maternity cover, (excluding pension contributions)	110,054	144,154

The Association's pension contributions for the Chief Executive Officer role for the year amounted to £13,768 (2025 : £10,606).

During the year, there were two individual directors with emoluments, excluding pension contributions, over £60,000 (2025:one). The total emoluments being £153,092 (2025: £76,465) and total pension contributions of £3,004 (2025: £7,538)

The total number of officers, including the highest paid director, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

	2026 £'000s	2025 £'000s
Number of key management personnel - £60,000 to £69,999	1	-
Number of key management personnel - £70,000 to £79,999	-	1
Number of key management personnel - £80,000 to £89,999	1	-
Emoluments payable to key management personnel	196	190

No member of the Committee of Management received any emoluments in respect of their services to the Association.

10 TANGIBLE FIXED ASSETS

a) Housing Properties

	Housing Properties Held for Letting	Housing Properties in the course of Construction	Shared Ownership Housing Properties	Totals
	£'000s	£'000s	£'000s	£'000s
COST:				
As at 1 April 2025	108,262	5,226	845	114,333
Additions	-	8,187	-	8,187
Transfers	5,411	(5,411)	-	-
Disposals	-	-	-	-
As at 31 March 2026	113,673	8,002	845	122,520
DEPRECIATION:				
As at 1 April 2025	27,030	-	376	27,406
Charge for Year	2,216	-	15	2,231
Transfers	-	-	-	-
Eliminated on disposal	-	-	-	-
As at 31 March 2026	29,246	-	391	29,637
NET BOOK VALUE:				
As at 31 March 2026	84,427	8,002	454	92,883
As at 31 March 2025	81,232	5,226	469	86,927

LAND VALUES
Land valued at £8,682k (2025 - £7,038k) is included in the above.

EXPENDITURE ON MAJOR WORKS TO EXISTING PROPERTIES	2026 £'000s	2025 £'000s
Improvement work capitalised	219	680
Replacement components capitalised	546	477
Total major repairs/replacements spend	765	1,157

Lochalsh and Skye Housing Association does not consider any individual schemes to be separate cash generating units when assessing for impairment in accordance with SORP 2018.

TANGIBLE FIXED ASSETS

b) Other property, plant and equipment	Office Land & Buildings £'000s	Housing Furniture £'000s	Equipment & Furniture £ '000s	Motor Vehicles £'000s	Totals £'000s
COST:					
As at 1 April 2025	841	11	271	16	1,139
Additions	-	-	9	-	9
Transfers	-	-	-	-	-
As at 31 March 2026	841	11	280	16	1,148
DEPRECIATION:					
As at 1 April 2025	278	11	249	12	550
Charge for Year	14	-	15	1	30
Eliminated on disposal	-	-	-	-	-
As at 31 March 2026	292	11	264	13	580
NET BOOK VALUE:					
As at 31 March 2026	549	-	16	3	568
As at 31 March 2025	563	-	22	4	589

11 INVESTMENT PROPERTIES

The Association's Investment properties are held at fair value	2026 £'000s	2025 £'000s
At 1 April	405	373
Additions	-	-
Transfers	-	-
Revaluation	-	32
At 31 March	405	405

The investment property at Bridge Road, Portree and the investment properties at Kyle of Lochalsh were valued at Current Market Value as at 31 March 2025. All valuations were carried out by Andy Gray MA (Hons), MRICS, of Allied Surveyors Scotland PLC.

12 PROPERTIES HELD FOR SALE

At period end the Association holds the following properties for sale	2026 £'000s	2025 £'000s
Properties held for sale – at cost	-	-
	-	-

13 CAPITAL COMMITMENTS

	2026 £'000s	2025 £'000s
Capital expenditure contracted for but not provided in the financial statements	2,128	6,791
The Association expects to finance this commitment by:		
Capital grant receivable	760	4,417
Loans yet to be arranged	-	2,374
Cash reserves	1,368	-
	2,128	6,791

14 COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows**:**

	Year ended 31/03/26 £'000s	Year ended 31/03/25 £'000s
Amounts due:-		
Within one year	65	127
Between one and five years	75	120
After five years		
	140	247

15 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026 £'000s	2025 £'000s
Rent and Service Charges Arrears	185	191
Less bad debt provision	(102)	(95)
	83	96
Care & Repair debtor	63	74
Trade debtors	67	780
Other debtors	58	64
Prepayments and accrued income	173	180
Due from group undertaking	2	2
	446	1,196

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2026 £'000s	2025 £'000s
Payables:		
Bank Loans and Overdrafts (see Note 19)	930	712
Trade Creditors	494	830
Other Creditors	272	355
Care & Repair creditor	-	-
Rents in Advance	125	95
Accruals & Deferred Income	221	202
	2,042	2,194
Deferred income:		
Deferred grants – Properties held for sale (see Note 12)	-	-
Deferred grants – Housing (see Note 18)	1,606	1,451
	1,606	1,451

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2026 £'000s	2025 £'000s
Payables:		
Payables – Bank Loans (see Note 19)	28,357	27,351
Deferred income:		
Deferred grants – Housing (see Note 18)	60,038	54,613

18 DEFERRED HOUSING GRANT

	2026 £'000s	2025 £'000s
Total grant received at 1 April	79,839	78,502
Grant received in the year	7,097	1,337
Total grant received at 31 March	86,936	79,839
Total grant released at 1 April	(23,775)	(22,329)
Grant released in the year	(1,517)	(1,446)
Total grant released at 31 March	(25,292)	(23,775)
Total deferred grant at 31 March	61,644	56,064
Amounts to be released within one year	1,606	1,451
Amounts to be released after more than one year	60,038	54,613
	61,644	56,064

19 BANK LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2026 £'000s	2025 £'000s
Amounts falling due within one year or on demand:		
Bank Loans - Housing Properties	930	712
Amounts falling due after more than one year:		
Bank Loans - Housing Properties	28,357	27,351

Security

The bank loans are secured by a charge on specified Association properties, the total value of the secured properties is £48.3 million. The interest rates of the bank loans range between 1.99% (fixed) and 6.7% (variable). The loans are repayable by instalments which are due as set out below.

	2026 £,000s	2025 £'000s
Due within one year	930	712
Due in more than one year but less than two years	971	741
Due between two and five years	2,946	2,624
Due after more than five years	24,440	23,986
	29,287	28,063

20 SHARE CAPITAL

Shares of £1 each, issued and fully paid:	Year ended 31/03/26 £	Year ended 31/03/25 £
As at 1 April	78	100
Shares issued	1	-
Cancelled in year	(4)	(22)
As at 31 March	75	78

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.

21 HOUSING STOCK

The number of units of accommodation in management at the year-end was: -

	31/03/26	31/03/25
General needs	854	846
Shared Ownership	18	18
Managed on behalf of other owners (management contract ceased 31.3.26)	-	12
	872	876

22 RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Section 33 of FRS 102. The related party relationships of the members of the Board are summarised as follows:

Board members cannot use their position to their advantage. Any transaction between the Association and any entity with which a Board member has a connection is made at arm's length and is under normal commercial terms. There were no such transactions with related parties in the year.

Joanne Boulton, a Board member during the year, is a tenant of the Association. The tenancy is on the Association's normal tenancy terms.

23 RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM/(USED IN) OPERATIONS

	31 March 2026 £'000s
Surplus for the year	375
Adjustments for non-cash items	
Depreciation of tangible fixed assets	2,260
Amortisation of capital grants	(1,517)
Fair value (gains)/losses on investment properties	-
Defined benefit pension schemes provision increase/(decrease)	-
Increase/(decrease) in other provisions	(61)
(Gain)/loss on disposal of tangible fixed assets	-
Shares cancelled	-
Interest receivable	(48)
Interest payable	1,276
Operating cash flows before movements in working capital	**2,285**
(Increase) / decrease in trade and other debtors	750
Increase / (decrease) in trade and other creditors	(365)
Cash generated from / (used in) operations	**2,670**
Cash and Cash Equivalents	
Cash at bank	4,004
Short-term deposits	-
	4,004

24 CONTINGENT LIABILITIES

No contingent liabilities have been identified.

25 POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

26 RETIREMENT BENEFITS

Buidheann Tigheadas Loch Aillse Agus An Eilein Sgitheanaich Limited participates in the Scottish Housing Associations 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 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 will be put in place to eliminate the deficit which will run from 1 April 2026 to 31 March 2030.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association 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. The Association's estimated debt on withdrawal as at 30 September 2024 was £1,184,390 (30 September 2023 £1,227,184). The estimated debt is calculated on the solvency – or 'buy-out' – basis. This is the Scheme Actuary's estimate of the pricing basis used to secure pension liabilities in full with an insurance company on 30 September 2024.

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

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

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

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

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2026 (£000s)	31 March 2025 (£000s)
Fair value of plan assets	3,398	3,319
Present value of defined benefit obligation	3,775	3,790
Surplus (deficit) in plan	(377)	(471)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(377)	(471)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2026 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2026 (£000s)
Defined benefit obligation at start of period	3,790
Current service cost	5
Expenses	6
Interest expense	219
Member contributions	84
Actuarial losses (gains) due to scheme experience	(101)
Actuarial losses (gains) due to changes in demographic assumptions	36
Actuarial losses (gains) due to changes in financial assumptions	(94)
Benefits paid and expenses	(170)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	3,775

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2026 (£000s)
Fair value of plan assets at start of period	3,319
Interest income	194
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(126)
Employer contributions	97
Member contributions	84
Benefits paid and expenses	(170)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	3,398

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was £68,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2025 to 31 March 2026 (£000s)
Current service cost	5
Expenses	6
Net interest expense	25
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SOCI)	36

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2026 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(126)
Experience gains and losses arising on the plan liabilities - gain (loss)	101
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(36)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	94
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	33
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	33

ASSETS	**31 March 2026**	**31 March 2025**
	(£000s)	**(£000s)**
Global Equity	449	384
Liquid Alternatives	649	611
Insurance-Linked Securities	7	13
Property	177	164
Infrastructure	-	1
Private Equity	7	3
Real Assets	337	396
Private Credit	438	414
Credit	155	141
Investment Grade Credit	143	152
Cash	1	18
Long Lease Property	-	1
Secured Income	46	77
Liability Driven Investment	938	934
Currency Hedging	-	6
Net Current Assets	51	4
Total assets	3,398	3,319

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

KEY ASSUMPTIONS	31 March 2026	31 March 2025
	% per annum	**% per annum**
Discount Rate	6.14	5.85
Inflation (RPI)	3.29	3.09
Inflation (CPI)	3.03	2.79
Salary Growth	4.03	3.79
Allowance for commutation of pension for cash at retirement	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)
Male retiring in 2026	20.7
Female retiring in 2026	22.9
Male retiring in 2046	21.9
Female retiring in 2046	24.4

The following pages do not form part of the audited financial statements.

INCOME AND EXPENDITURE	2026		2025	
INCOME	£'000s	£'000s	£'000s	£'000s
Housing Rents and service charges (net of voids)		4,912		4,555
Release of deferred housing grant	1,463		1,446	
Release of other deferred housing grants	54		-	
Project management fees	102		68	
Shared Equity admin allowances	-		2	
Care & Repair revenue grant	65		61	
Funding for Care & Repair grants paid (THC)	254		259	
Funding for Highland Council projects	-		-	
Adaptations administration grant	12		6	
CDM Coordinator fee	-		64	
Clerk of Works fees	75		57	
Factoring income	2		12	
Handyperson management fee	356		282	
Renewable heat incentives and energy efficiency grants	100		122	
Energy Advice income	-		181	
Properties leased to NWHCE	-		-	
Investment property and other rent income	49		88	
Property Management Fees	-		2	
Other income	8		16	
		2,541		2,544
Less internal fees		(177)		(189)
TURNOVER		7,276		6,909
EXPENDITURE				
Staff related costs				
Salaries	1,742		1,654	
Employers' NI	226		176	
Pensions - Defined Benefit scheme	41		78	
Pensions - Defined Contribution scheme	(7)		34	
Other pension costs	21		14	
Recruitment and other staff costs	6		105	
Staff travel & subsistence	15		13	
Motor expenses	169		184	
Less internal fees	(177)		(189)	
Capitalised planned maintenance DLO costs	-	2,036	(98)	1,971
Office related costs				
Rates & water charges	3		3	
Rents payable	36		31	
Office repairs	-		12	
Office insurances	32		35	
Telephone	18		17	
Heat & Light	5		29	
Postage	5		6	
Stationery	6		8	
Printing	6		2	
Publicity, advertising	1		-	
Equipment repairs & renewals	-		1	
ICT costs	70		91	
Courses, seminars & training	15		17	
Conferences	-		-	
Subscriptions	40		30	
Highland CHR etc.	6		11	
Tenant Participation	3		5	
Governance costs	4		13	
Sponsorships	-		-	
Office cleaning	3		2	
Handyperson	24		9	
Health and safety	4		4	
Room hire	1		1	
Hospitality	1		1	
Compensation	7		4	
Other office costs	5		6	
Bank Charges	14		14	

	2026		2025	
VAT recoverable	(2)		(7)	
Allocated to other account areas	-	308	-	344
Professional Fees				
Consultancy	41		41	
Audit & accountancy	40		35	
Legal fees	28	109	16	92
Housing Property Costs				
Reactive repairs	357		300	
Cyclical maintenance	105		230	
Planned maintenance (excluding capitalised works)	-		-	
Property service charges	20		39	
Property Insurance	147		121	
Exceptional Circumstance Fund	-		-	
Bad debts rents	50		50	
Movement in provision for bad debts (rents)	-		-	
Bad debts other (repairs)	1		2	
Movement in provision for bad debts (other)	-		-	
Aborted scheme costs	-	680	-	741
Projects for other organisations				
Care & Repair grants paid on behalf of Highland Council	254		285	
Projects undertaken for the Highland Council/Police Scotland	-	254	-	285
Depreciation				
Housing Property (including Mid-Market)	2,231		2,088	
Office Property	14		14	
Office Equipment, Furniture & IT	14		15	
Motor Vehicles	1	2,260	2	2,119
Total operating expenditure		5,647		5,552
OPERATING SURPLUS		1,629		1,358
Profit/(Loss) on Disposal of Fixed Assets:				
Housing property sales	-		140	
Housing property – disposal of components	-		(51)	
Motor Vehicles - disposals	-	-	-	89
Interest receivable		48		73
Interest payable				
Interest on Pension Liability	(25)		-	
Private finance loan interest and charges	(1,276)	(1,301)	(1,366)	(1,366)
Increase in value of investment property		-		33
SURPLUS FOR THE YEAR		**375**		**187**