

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

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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

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**BOARD MEMBERS, EXECUTIVES AND ADVISERS
For the year ended 31 March 2025**

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 2024 to the date of this report were as follows:

Dr Audrey Sinclair
Mr Ian Young
Ms Liz Williams
Prof David Clapham
Mr Iain Lewis (resigned 12.05.2025)
Mr Robin Nairn
Ms Emma Johnston (resigned 26.08.2024)
Mr Gareth Morgan
Mr John Watson (resigned 09.09.2024)
Mr Robert Muir
Mrs Joanne Boulton (joined 09.09.2024)

Executive Officer

Mr Alastair MacGregor, Interim Chief Executive, from 06.03.24 to 01.06.24
Ms Lowri Richards, Chief Executive, from 01.06.24 to maternity leave from 02.12.24
Ms Fanchea Kelly, Chief Executive Maternity Cover, from 02.12.24 to present.

Company Secretary:

Ms Lesley MacIntosh resigned 09.09.24
Ms Lowri Richards from 09.09.24 until 02.12.24
Ms Fanchea Kelly from 02.12.2024 to present.

Auditor:

RSM UK Audit LLP
Centenary House
69 Wellington Street
Glasgow
G2 6HG

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.

**REPORT OF THE BOARD
For the year ended 31 March 2025**

The Board, with the Trustees of the Charity, presents its Report and the audited Financial Statements for the year ended 31 March 2025. 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 provide access to high quality affordable housing solutions and related services, and to contribute to the improvement of the social, economic and cultural wellbeing of the whole community.

Our Strategic Themes and Key principles support delivery of these aims. Our Objectives are to:-

- Build more affordable homes, in the right places, and improve tenure choice.
- Understand the housing ambitions of our communities, engage with them in identifying critical issues, e.g. retaining young people, and adapting our plans to deliver local needs.
- Become a more efficient, digitally mature landlord, with digital tenant access, developed with their input.
- Reduce fuel poverty and contribute to mitigating or adapting to climate change.
- Maximise staff and Board member skills and capacity to deliver affordable warmth and housing quality.
- Engage with government, policy makers, and partners to increase awareness of Lochalsh and Skye's needs and support for solutions.

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.

**REPORT OF THE BOARD (continued)
For the year ended 31 March 2025**

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 £3,796k on housing projects of which £2,639k was spent on developing and acquiring new properties and £1,157k on improving existing properties.
- As an Agent of the Highland Council and NHS Highland, the Association arranged the expenditure of £285k on Care and Repair and Handyperson Projects for older and disabled customers throughout the area.
- The managed housing stock comprised:

	2025	2024
Our own tenanted stock	846	842
Managed on behalf of others	12	12
Shared Ownership stock	18	19
TOTAL	876	873

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

Communities Housing Trust - Charity No. SC027544, Company No. SC182862

Surplus for the year and Reserves

The Association made a surplus of £187k (2024 – deficit £372k) 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 loss of £16k (2024 – actuarial loss of £396k) which is shown as Other Comprehensive Income which has been reflected as a reduction in the Income and Expenditure Reserve.

At 31 March 2025 the Association held total capital and reserves of £5,478k, (2024 - £5,307k), of which £5,478k was held in the Income and Expenditure Reserve (2024 - £5,307k).

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. The Board intends to undertake a full review of pension benefits in the 2025-26 financial year.

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.

**REPORT OF THE BOARD (continued)
For the year ended 31 March 2025**

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

LSHA submits its Business Plan, all regulatory returns, and the Annual Assurance Statement to the Scottish Housing Regulator. Over the last year it has implemented a Governance Improvement Plan to update its procedures and practices to ensure compliance with all Regulatory requirements and Standards. It currently has one outstanding issue to complete so that it is fully compliant. This is to improve the collection of data against the designated equalities protected characteristics. The Board regards its 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 peer group as defined by the Scottish Housing Regulator. A report is presented annually to the Board 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 and reported to 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.

**REPORT OF THE BOARD (continued)
For the year ended 31 March 2025**

Internal Audit

The Association has a rolling programme of internal audit and the Strategic Internal Audit Plan 2024-27 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 Risk Management Policy has been developed to describe how the Association will assess and manage the risks associated with its activities.

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 and operational risks, classified according to likelihood and consequence 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.

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 actions to be considered if anticipated risks materialise. 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. Further planned action includes risk appetite evaluation with an updated register.

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

Risk	Mitigating Action(s)
Financial Planning - Changes in interest rates	- Monitor planning assumptions in Financial Plan and adjust accordingly - Review borrowing strategy and borrowing capacity annually
Financial Planning / Component Replacement – Insufficient Biomass life cycle funding	- Consideration of standing charge to ensure cost recovery of pipework replacement, use of better materials, expand network to spread risk and funding over wider community - Long term risk – 20 years
Financial Planning - Rents become unaffordable to our clients	- Review all Financial Plan Assumptions and adjust strategy as required - Assist in maximising tenants' income through energy advice and tenancy sustainment activities - Apply SFHA Guidance on Rent Affordability and review Rent Setting Policy - Increase efficiency and spread overheads through growth and Digital Strategy
Financial Planning / Component Replacement – SHNZS and fair energy transition requirements result in significant increases in asset management costs until 2045	- Collate site information and options for improvement, scheme by scheme, to inform an energy strategy and funding options - Revise Asset Management Programme and Financial Plan in accordance with the revised strategy
Quality of Homes / Component Replacement – Failure to develop energy / fuel poverty strategy	- In-house expertise to develop robust response to the challenge, strong database, willingness to innovate, partnership working - Internal Audit report on stock condition (full assurance)
Tenant Safety – Shift in housing standards (fire, energy efficiency)	- Business Plan forecasting and scenario testing for planned maintenance capacity - Explore alternative funding options

**REPORT OF THE BOARD (continued)
For the year ended 31 March 2025**

Risk Management (continued)

Risk	Mitigating Action(s)
Quality of Homes / Development – Lack of contractors to deliver stock investment and growth	• Maintain diverse list of framework contractors • Develop capacity of in-house provision • Increase apprenticeships • Procurement with community benefit clauses to increase local capacity • Modular construction
Development – Fail to deliver sufficient affordable homes	• Development Plan forecasting and risk management • Land-banking • Active relationships with strategic partners and other stakeholders • Framework of contractors

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 J on page 19) 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 2025, 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 £nil (2024 - £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.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

Auditor

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

Fanchea Kelly

By the order of the Board

Fanchea Kelly

Secretary

Date: 18/08/25

**STATEMENT OF THE BOARD'S RESPONSIBILITIES
For the year ended 31 MARCH 2025**

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 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 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.

By the order of the Board

Fanchea Kelly

Secretary

Date: 18/08/25

THE BOARD'S STATEMENT OF INTERNAL FINANCIAL CONTROL

For the year ended 31 MARCH 2025

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 2025 and until 18 August 2025 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

Fanchea Kelly

Secretary

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

Date: 18/08/25

**INDEPENDENT AUDITORS 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 2025 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 2025 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.

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 9, 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, 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.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
BUIDHEANN TIGHEADAS LOCH AILLSE AGUS AN EILEIN SGITHEANAICH LIMITED**

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.

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

Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 18/08/25

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 2025**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 10 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 10 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 18/08/25

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

	Notes	2025 £'000s	2024 £'000s
TURNOVER	2	6,909	6,516
Operating expenditure	2	(5,551)	(5,669)
OPERATING SURPLUS	6	1,358	847
Interest receivable		73	34
Interest and financing costs	5	(1,366)	(1,208)
Gain / (loss) on disposal of property, plant and equipment		90	(45)
Fair value gain on revaluation of investment property	11	32	-
SURPLUS/(DEFICIT) BEFORE TAX		187	(372)
Taxation	7	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		187	(372)
OTHER COMPREHENSIVE INCOME			
Actuarial (losses) in respect of defined benefit Pension scheme	27	(16)	(396)
TOTAL COMPREHENSIVE INCOME/(LOSS)		171	(768)

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 2025**

		2025 (£'000s)		2024 (£'000s)	
	Notes	£	£	£	£
FIXED ASSETS					
Housing properties	10a		86,927		85,401
Other fixed assets	10b		589		469
Investment properties	11		405		373
			87,921		86,243
CURRENT ASSETS					
Properties held for sale	12	-		1,416	
Trade and other debtors	15	1,196		683	
Cash and cash equivalents	24	2,441		492	
		3,637		2,591	
CURRENT LIABILITIES					
Payables falling due within one year	16	(2,194)		(1,311)	
Deferred grant falling due within one year	16	(1,451)		(2,634)	
NET CURRENT ASSETS			(8)		(1,354)
TOTAL ASSETS LESS CURRENT LIABILITIES			87,913		84,889
LONG-TERM LIABILITIES					
Creditors:					
Payables falling due after more than one year	17	(27,351)		(24,378)	
Deferred grant due after more than one year	17	(54,613)		(54,647)	
			(81,964)		(79,025)
Pension – defined benefit net liability	27	(471)		(501)	
Provisions	20	-		(56)	
			(471)		(557)
TOTAL NET ASSETS			5,478		5,307
RESERVES					
Called up share capital	21	-		-	
Income and expenditure reserve			5,478		5,307
TOTAL RESERVES			5,478		5,307

These financial statements were approved and authorised for issue by the Board on 18/08/25 and signed on their behalf by:

Board Member *David Clapham*

Board Member *Ian H Young*

Secretary *Fanchea Kelly*

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2025**

	Income and expenditure reserve	Total
	£,000s	£'000s
Balance at 1 April 2023	6,075	6,075
Surplus for the year	(372)	(372)
Other Comprehensive Income	(396)	(396)
Balance as at 31 March 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

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**STATEMENT OF CASHFLOWS
For the year ended 31 March 2025**

		2025 £'000s		2024 £'000s	
	Notes	£	£	£	£
Net cash generated from operating activities	24		2,654		1,719
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(3,825)		(2,745)	
Housing grants received		1,381			
Housing grants (repaid)		(43)			
Proceeds from sale of tangible fixed assets		141		-	
Interest received		73		34	
Net cash used in investing activities			(2,273)		(2,711)
CASH FLOW FROM FINANCING ACTIVITIES					
Interest paid		(1,366)		(1,208)	
New secured loans		3,645		-	
Capitalised loan interest		84		82	
Repayment of borrowings		(795)		(757)	
Net cash from/(used in) financing activities			1,568		(1,883)
Net increase/(decrease) in cash and cash equivalents			1,949		(2,875)
Cash and cash equivalents at start of year			492		3,367
Cash and cash equivalents at end of year	24		2,441		492

Reconciliation of Net Cash Flow to Movement in Net Debt	<u>2025</u> £'000s	<u>2024</u> £'000s
(Increase)/Decrease in cash at bank	(1,948)	2,875
Loan advances received	3,645	-
Capitalised loan interest	84	82
Loan redemption payments	(795)	(757)
	<u>986</u>	<u>2,200</u>
Net debt at 1 April	<u>24,636</u>	<u>22,436</u>
Net debt at 31 March	<u>25,622</u>	<u>24,636</u>

Analysis of Changes in Net Debt	At <u>01/04/24</u> £'000s	Cash Flows £'000s	At <u>31/03/25</u> £'000s
Cash and Bank and in Hand	492	1,949	2,441
Debt due within one year	(750)	37	(713)
Debt due after one year	(24,378)	(2,972)	(27,350)
Total	<u>(24,636)</u>	<u>(986)</u>	<u>(25,622)</u>

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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 27). The net defined benefit pension liability at 31 March 2025 was £471,000 (2024 - £501,000).

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 2024 concluded that there was no impairment of Association properties.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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 - I T	-	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 balance sheet.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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 27 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.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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

	<u>Note</u>	<u>Turnover</u>	<u>Other operating income</u>	<u>Operating costs</u>	<u>2025 Operating Surplus/ (Deficit)</u>	<u>2024 Operating Surplus/ (Deficit)</u>
		£'000s	£'000s	£'000s	£'000s	£'000s
Affordable letting activities	3	6,122	-	4,439	1,683	1,323
Other activities	4	787	-	1,112	(325)	(476)
		<u>6,909</u>	<u>-</u>	<u>5,551</u>	<u>1,358</u>	<u>847</u>
Total for previous period of account		<u>6,516</u>	<u>-</u>	<u>5,669</u>	<u>847</u>	

3 PARTICULARS OF INCOME AND EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	<u>General Needs Housing £'000s</u>	<u>Shared Ownership £'000s</u>	<u>2025 Total £'000s</u>	<u>2024 Total £'000s</u>
Income from Affordable Lettings				
Rent Receivable net of service charges	4,449	56	4,505	4,115
Service Charges	<u>69</u>	<u>2</u>	<u>71</u>	<u>66</u>
Gross income from rents and service charges	4,518	58	4,576	4,181
Less: Rent Losses from Voids	<u>(21)</u>	<u>-</u>	<u>(21)</u>	<u>(39)</u>
Net income from rents and service charges	4,497	58	4,555	4,142
Grants released from deferred income	1,433	13	1,446	1,508
Other revenue grants	<u>122</u>	<u>-</u>	<u>122</u>	<u>123</u>
Total Turnover from Affordable Letting Activities	6,051	71	6,122	5,773
Expenditure on Affordable Letting Activities				
Management and maintenance administration costs	1,146	21	1,167	1,022
Service costs	<u>90</u>	<u>-</u>	<u>90</u>	<u>99</u>
Planned and cyclical maintenance including major repair cost:	316	-	316	410
Reactive maintenance costs	<u>726</u>	<u>-</u>	<u>726</u>	<u>706</u>
Bad debts - rents and service charges	51	-	51	57
Depreciation of affordable let properties	<u>2,074</u>	<u>15</u>	<u>2,089</u>	<u>2,156</u>
Operating Costs for affordable letting activities	4,403	36	4,439	4,450
Operating Surplus for affordable letting activities	<u>1,648</u>	<u>35</u>	<u>1,683</u>	
Operating Surplus for affordable letting activities for previous reporting period	<u>1,284</u>	<u>39</u>	<u>1,323</u>	

The Association has no Supported Accommodation.

**Buidheann Tigheadas Loch Aillse Agus An
Eilein Sgitheanaich Limited**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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	2025 Operating Surplus/ (Deficit) £'000s	2024 Operating Surplus/ (Deficit) £'000s
Wider role activities:								
Care and repair	-	61	259	320	-	375	(55)	(18)
Investment property activities	-	-	32	32	-	26	6	9
Factoring	-	-	12	12	-	5	7	8
Uncapitalised development administration costs	6	2	-	8	-	365	(357)	(466)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-
Contracted out activities undertaken for other organisations	-	-	2	2	-	52	(50)	(37)
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-
Other activities:								
Handyperson Service	-	282	-	282	-	275	7	2
Energy Advice Service	-	-	59	59	-	4	55	18
Mid-Market Properties	-	-	-	-	-	-	-	-
Other rents	-	-	56	56	-	10	46	8
Heat Sales	-	-	-	-	-	-	-	-
Other operating income	-	-	16	16	-	-	16	-
Total from other activities	<u>6</u>	<u>345</u>	<u>436</u>	<u>787</u>	<u>-</u>	<u>1,112</u>	<u>(325)</u>	<u>(476)</u>
Total from other activities for previous reporting period	<u>9</u>	<u>319</u>	<u>415</u>	<u>743</u>	<u>-</u>	<u>1,219</u>	<u>(476)</u>	

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

5 INTEREST AND FINANCING COSTS

	<u>2025</u> £'000s	<u>2024</u> £'000s
Bank Loans and Overdrafts	1,339	1,199
Non-utilisation and other loan fees	27	9
Defined benefit pension scheme – net interest expense	-	-
	<u>1,366</u>	<u>1,208</u>

Interest incurred in the development period of housing projects which has been written off to the Statement of Comprehensive Income amounted to £1,339k (2024 - £1,199k).

6 OPERATING SURPLUS

	<u>2025</u> £'000s	<u>2024</u> £'000s
Operating surplus is stated after charging: -		
Depreciation of housing properties	2,088	2,156
Depreciation of other fixed assets	30	24
Operating lease rentals	145	87
	<u>2,263</u>	<u>2,267</u>
External auditors' remuneration:		
Audit services (excluding VAT)	<u>20</u>	<u>13</u>

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	<u>2025</u>	<u>2024</u>
The average monthly number of Full Time Equivalent persons (including key management personnel) employed by the Association during the year was:	<u>No.</u> 44	<u>No.</u> 44
The average total number of Employees employed during the year was:		
Full Time	34	38
Part Time	15	9
	<u>49</u>	<u>47</u>

Staff Costs	<u>2025</u>	<u>2024</u>
	£'000s	£'000s
Salaries	1,654	1,572
Social security costs	176	161
Defined Benefit Pensions	77	47
Defined Contribution Pensions	34	18
	<u>1,941</u>	<u>1,798</u>

9 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as the members of the Board, the Chief Executive, the Director of Finance and Corporate Services and the Technical Manager.

	<u>£</u>	<u>£</u>
Emoluments payable for the Chief Executive Officer role, which is the highest paid key management position, including maternity cover, (excluding pension contributions)	144,154	102,363

The Association's pension contributions for the Chief Executive Officer role for the year amounted to £10,606 (2024 - £8,690).

During the year, there was one individual director with emoluments, excluding pension contributions, over £60,000 (2024:3). The total emoluments being £76,465 (2024: £230,861) and total pension contributions of £7,538 (2024: £23,452)

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

**Buidheann Tigheadas Loch Aillse Agus An
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

	<u>2025</u> <u>£'000s</u>	<u>2024</u> <u>£'000s</u>
Number of key management personnel - £60,000 to £69,999	-	2
Number of key management personnel - £70,000 to £79,999	1	-
Number of key management personnel - £100,000 to £109,999	-	1
Emoluments payable to key management personnel	<u>190</u>	<u>231</u>

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 <u>Letting</u> £'000s	Housing Properties in the course of <u>Construction</u> £'000s	Shared Ownership Housing <u>Properties</u> £'000s	<u>Totals</u> £'000s
COST:				
As at 1 April 2024	107,331	2,729	899	110,959
Additions	1,157	2,639	-	3,796
Transfers	22	(142)	-	(120)
Disposals	(248)	-	(54)	(302)
As at 31 March 2025	<u>108,262</u>	<u>5,226</u>	<u>845</u>	<u>114,333</u>
DEPRECIATION:				
As at 1 April 2024	25,174	-	384	25,558
Charge for Year	2,074	-	14	2,088
Transfers	-	-	-	-
Eliminated on disposal	(218)	-	(22)	(240)
As at 31 March 2025	<u>27,030</u>	<u>-</u>	<u>376</u>	<u>27,406</u>
NET BOOK VALUE:				
As at 31 March 2025	81,232	5,226	469	86,927
As at 31 March 2024	<u>82,157</u>	<u>2,729</u>	<u>515</u>	<u>85,401</u>

LAND VALUES

Land valued at £7,038k (2024 - £7,038k) is included in the above.

	<u>2025</u> <u>£'000s</u>	<u>2024</u> <u>£'000s</u>
EXPENDITURE ON MAJOR WORKS TO EXISTING PROPERTIES		
Improvement work capitalised	680	364
Replacement components capitalised	477	423
Total major repairs/replacements spend	<u>1,157</u>	<u>787</u>

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.

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For the year ended 31 March 2025**

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 2024	715	11	248	16	990
Additions	6	-	23	-	29
Transfers	120	-	-	-	120
As at 31 March 2025	841	11	271	16	1,139
DEPRECIATION:					
As at 1 April 2024	263	11	235	11	520
Charge for Year	15	-	14	1	30
Eliminated on disposal	-	-	-	-	-
As at 31 March 2025	278	11	249	12	550
NET BOOK VALUE:					
As at 31 March 2025	563	-	22	4	589
As at 31 March 2024	452	-	13	4	469

11 INVESTMENT PROPERTIES

The Association's Investment properties are held at fair value	2025 £'000s	2024 £'000s
At 1 April	373	373
Additions	-	-
Transfers	-	-
Revaluation	32	-
At 31 March	405	373

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	2025 £'000s	2024 £'000s
Properties held for sale – at cost	-	1,416
	-	1,416

13 CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements	2025 £'000s	2024 £'000s
The Association expects to finance this commitment by:	6,791	1,684
Capital grant receivable	4,417	1,122
Loans under negotiation with loan offers	-	562
Loans yet to be arranged	2,374	-
	6,791	1,684

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14 COMMITMENTS UNDER OPERATING LEASES

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

	Year ended <u>31/03/25</u> £'000s	Year ended <u>31/03/24</u> £'000s
Amounts due:-		
Within one year	127	22
Between one and five years	120	176
After five years		
	247	198

15 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2025</u> £'000s	<u>2024</u> £'000s
Rent and Service Charges Arrears	191	186
Less bad debt provision	(95)	(71)
	96	115
Care & Repair debtor	74	150
Trade debtors	780	60
Other debtors	64	131
Prepayments and accrued income	180	225
Due from group undertaking	2	2
	1,196	683

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2025</u> £'000s	<u>2024</u> £'000s
<u>Payables:</u>		
Bank Loans and Overdrafts (see Note 19)	712	750
Trade Creditors	830	277
Other Creditors	355	(9)
Care & Repair creditor	-	31
Rents in Advance	95	101
Accruals & Deferred Income	202	161
	2,194	1,311
<u>Deferred income:</u>		
Deferred grants – Properties held for sale (see Note 12)	-	1,108
Deferred grants – Housing (see Note 18)	1,451	1,526
	1,451	2,634

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2025</u> £'000s	<u>2024</u> £'000s
<u>Payables:</u>		
Payables – Bank Loans (see Note 19)	27,351	24,378
<u>Deferred income:</u>		
Deferred grants – Housing (see Note 18)	54,613	54,647

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

18 DEFERRED HOUSING GRANT

	<u>2025</u> £'000s	<u>2024</u> £'000s
Total grant received at 1 April	78,502	77,829
Grant received in the year	1,337	673
Total grant received at 31 March	<u>79,839</u>	<u>78,502</u>
Total grant released at 1 April	(22,329)	(20,821)
Grant released in the year	(1,446)	(1,508)
Total grant released at 31 March	<u>(23,775)</u>	<u>(22,329)</u>
Total deferred grant at 31 March	<u><u>56,064</u></u>	<u><u>56,173</u></u>
Amounts to be released within one year	1,451	1,526
Amounts to be released after more than one year	<u>54,613</u>	<u>54,647</u>
	<u>56,064</u>	<u>56,173</u>

19 BANK LOANS AND OVERDRAFTS

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

	<u>2025</u> £'000s	<u>2024</u> £'000s
Amounts falling due within one year or on demand:		
Bank Loans - Housing Properties	712	750
Amounts falling due after more than one year:		
Bank Loans - Housing Properties	27,351	24,378

Security

The bank loans are secured by a charge on specified Association properties - the total value of the secured properties is £47.4 million. The interest rates of the bank loans range between 1.99% (fixed) and 7.97% (variable). The loans are repayable by instalments which are due as set out below.

	<u>2025</u> £,000s	<u>2024</u> £'000s
Due within one year	712	750
Due in more than one year but less than two years	741	780
Due between two and five years	2,624	2,752
Due after more than five years	23,986	20,846
	<u>28,063</u>	<u>25,128</u>

20 PROVISIONS

	Holiday Pay £'000s
1 April 2024	56
Utilised in the year	(56)
Increase in provision	<u> </u>
31 March 2025	<u>-</u>

Holiday Pay

This represented a rolling balance of holiday pay accrued as a result of timing differences between accumulated holiday allowance due and leave actually taken by employees as at the date of the accounts. It had no cash impact and so is not accrued as at 31st March 2025 and will not be accrued in the future.

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

21 SHARE CAPITAL

	Year ended <u>31/03/25</u>	Year ended <u>31/03/24</u>
	£	£
Shares of £1 each, issued and fully paid:		
As at 1 April	100	98
Shares issued	-	2
Cancelled in year	(22)	-
	<u>78</u>	<u>100</u>
As at 31 March		

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

22 HOUSING STOCK

31/03/25 31/03/24

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

General needs	846	842
Shared Ownership	18	19
Managed on behalf of other owners	<u>12</u>	<u>12</u>
	<u>876</u>	<u>873</u>

23 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.

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

	<u>31 March 2025</u>
	£'000s
Surplus for the year	187
<u>Adjustments for non-cash items</u>	
Depreciation of tangible fixed assets	2,119
Amortisation of capital grants	(1,446)
Fair value (gains)/losses on investment properties	(33)
Defined benefit pension schemes provision increase/(decrease)	(30)
Increase/(decrease) in other provisions	(56)
(Gain)/loss on disposal of tangible fixed assets	(89)
Shares cancelled	-
Interest receivable	(73)
Interest payable	<u>1,366</u>
Operating cash flows before movements in working capital	1,945
(Increase) / decrease in trade and other debtors	901
Increase / (decrease) in trade and other creditors	<u>(192)</u>
Cash generated from / (used in) operations	<u>2,654</u>
Cash and Cash Equivalents	
Cash at bank	2,441
Short-term deposits	<u>2,441</u>

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

25 CONTINGENT LIABILITIES

No contingent liabilities have been identified.

26 POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

27 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 Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee was advised to seek clarification from the Court on potential changes to the pension liability. The Court hearing concluded in March 2025, with the Court's determination expected later in 2025. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2025 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.

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 judgement 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.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However details of the legislation have not been announced. Subject to the entity being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation, the Board do not expect the valuation of the scheme liabilities to change.

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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

	31 March 2025	31 March 2024
	(£000s)	(£000s)
Fair value of plan assets	3,319	3,500
Present value of defined benefit obligation	3,790	4,001
Surplus (deficit) in plan	(471)	(501)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(471)	(501)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2025 (£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	-

**Buidheann Tigheadas Loch Aillse Agus An
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2025 (£000s)
Defined benefit obligation at start of period	4,001
Current service cost	39
Expenses	6
Interest expense	197
Member contributions	107
Actuarial losses (gains) due to scheme experience	66
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	(512)
Benefits paid and expenses	(114)
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	3,790

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

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

	Period ended 31 March 2025 (£000s)
Fair value of plan assets at start of period	3,500
Interest income	174
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(462)
Employer contributions	114
Member contributions	107
Benefits paid and expenses	(114)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	3,319
The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was (£88,000).	

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

	Period from 31 March 2024 to 31 March 2025 (£000s)
Current service cost	39
Expenses	6
Net interest expense	23
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)	68

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2025 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(462)
Experience gains and losses arising on the plan liabilities - gain (loss)	(66)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	512
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(16)
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)	(16)

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

ASSETS	31 March 2025	31 March 2024
	(£000s)	(£000s)
Global Equity	384	403
Absolute Return	-	157
Distressed Opportunities	-	129
Credit Relative Value	-	123
Alternative Risk Premia	-	126
Liquid Alternatives	611	-
Emerging Markets Debt	-	61
Risk Sharing	-	210
Insurance-Linked Securities	13	22
Property	164	148
Infrastructure	1	335
Private Equity	3	3
Real Assets	396	-
Private Debt	-	141
Opportunistic Illiquid Credit	-	139
Private Credit	414	-
Credit	141	-
Investment Grade Credit	152	-
High Yield	-	1
Cash	18	91
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	1	26
Secured Income	77	117
Liability Driven Investment	934	1,266
Currency Hedging	6	(2)
Net Current Assets	4	4
Total assets	3,319	3,500

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 2025	31 March 2024
	% per annum	% per annum
Discount Rate	5.85	4.91
Inflation (RPI)	3.09	3.14
Inflation (CPI)	2.79	2.78
Salary Growth	3.79	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2025	20.2

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Female retiring in 2025	22.7
Male retiring in 2045	21.5
Female retiring in 2045	24.2

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

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2025**

INCOME AND EXPENDITURE	2025		2024	
	£'000s	£'000s	£'000s	£'000s
INCOME				
Housing Rents and service charges (net of voids)		4,555		4,142
Release of deferred housing grant	1,446		1,509	
Development allowances/Project management	68		2	
Shared Equity sales allowances	2		3	
Care & Repair revenue grant	61		63	
Funding for Care & Repair grants paid (THC)	259		324	
Funding for Highland Council projects	-		-	
Adaptations administration grant	6		8	
CDM Coordinator fee	64		-	
Clerk of Works fees	57		9	
Factoring income	12		12	
Handyperson management fee	282		253	
Energy Advice income	181		144	
Properties leased to NWHCE	-		-	
Investment property and other rent income	88		50	
Property Management Fees	2		8	
Other income	16		-	
		2,544		2,385
Less internal fees				
TURNOVER		7,099		6,527
EXPENDITURE				
Staff related costs				
Salaries	1,654		1,572	
Employers' NI	176		161	
Pensions - Defined Benefit scheme	77		47	
Pensions - Defined Contribution scheme	34		18	
Other pension costs	14		-	
Recruitment and other staff costs	104		59	
Staff travel & subsistence	13		17	
Motor expenses	184		161	
Recharged to other account areas	(638)	1,618	(597)	1,438
Office related costs				
Rates & water charges	3		2	
Rents payable	31		36	
Office repairs	11		11	
Office insurances	34		34	
Telephone	17		26	
Heat & Light	29		43	
Postage	6		5	
Stationery	8		8	
Printing	2		1	
Publicity, advertising	-		-	
Equipment repairs & renewals	1		2	
ICT costs	91		65	
Courses, seminars & training	17		26	
Conferences	-		1	
Subscriptions	30		26	
Highland CHR etc.	11		7	
Tenant Participation	5		2	
Governance costs	13		3	
Sponsorships	-		-	
Office cleaning	10		7	
Handyperson	9		9	
Health and safety	4		4	
Room hire	1		1	
Compensation	4		2	
Other office costs	6		4	
Bank Charges	14		14	
VAT recoverable	(7)		(2)	
Allocated to other account areas	(30)	320	(37)	300

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	2025		2024	
	£'000s	£'000s	£'000s	£'000s
Professional Fees				
Consultancy	41		51	
Audit & accountancy	35		17	
Legal fees	<u>16</u>	92	<u>10</u>	78
Housing Property Costs				
Reactive repairs	730		707	
Cyclical maintenance	316		410	
Planned maintenance (excluding capitalised works)	-		-	
Property service charges	90		99	
Property Insurance	121		86	
Exceptional Circumstance Fund	-		1	
Bad debts rents	10		21	
Movement in provision for bad debts (rents)	41		33	
Bad debts other (repairs)	-		-	
Movement in provision for bad debts (other)	-		3	
Aborted scheme costs	<u>-</u>	1,308	<u>-</u>	1,360
Projects for other organisations				
Care & Repair grants paid on behalf of Highland Council	285		324	
Projects undertaken for the Highland Council/Police Scotland	<u>-</u>	285	<u>-</u>	324
Depreciation				
Housing Property (including Mid-Market)	2,088		2,156	
Office Property	14		13	
Office Equipment, Furniture & IT	14		9	
Motor Vehicles	<u>2</u>	2,118	<u>2</u>	2,180
Total operating expenditure		<u>5,741</u>		<u>5,680</u>
OPERATING SURPLUS		1,358		847
Profit/(Loss) on Disposal of Fixed Assets:				
Housing property sales	140		-	
Housing property – disposal of components	(51)		(45)	
Motor Vehicles - disposals	<u>-</u>	89	<u>-</u>	(45)
Interest receivable		73		34
Interest payable				
Interest on Pension Liability	-		-	
Private finance loan interest and charges	<u>(1,366)</u>	(1,366)	<u>(1,208)</u>	(1,208)
Increase in value of investment property		33		-
(DEFICIT) / SURPLUS FOR THE YEAR		<u><u>187</u></u>		<u><u>(372)</u></u>