



Loreburn Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2025

Registered Social Landlord No. HAL153

FCA Reference No. 2110R(S)

Scottish Charity No. SC029917

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Contents

	Page
Members of the Management Committee, Executive and Advisers	1 -2
Report of the Management Committee	3 – 8
Report by the Auditors on corporate governance matters	9
Report of the Auditors	10-13
Statement of comprehensive income	14
Statement of financial position	15
Statement of cash flows	16
Statement of changes in equity	17
Notes to the financial statements	18-38

LOREBURN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

MANAGEMENT COMMITTEE

Alan Sandey	Convener
Jane Connechen	Vice Convener
Neil Madden	Secretary (appointed 21/05/2024)
Paul Buchanan	
Lynsey Brydson	
Mark Wilkinson	
Ellie Gill	Resigned 06/08/2024
Stuart Turnbull	
Russell Brown	Resigned 26/06/2024
Russell Baird	Appointed 21/05/2024
Cameron Kirkpatrick	Appointed 21/05/2024, Resigned 27/05/2025
Katie Hryschko	Appointed 21/05/2024
Alan Gardiner	Appointed 28/01/2025
Harry Drennan	Appointed 28/01/2025
Peter Nelson	Resigned 14/04/2025
Bill Main	Appointed 24/06/2025

EXECUTIVE OFFICERS

Kirsteen McGinn	Chief Executive Officer
Elkie Astley	Director of Corporate Services
Anthony McInnes	Director of Finance

SECRETARY

Neil Madden

REGISTERED OFFICE

7 Giffhorn House
Shakespeare Street
Dumfries
DG1 2JB

EXTERNAL AUDITORS

Alexander Sloan LLP
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

TIAA
Artillery House, Fort Fareham
Newgate Lane
Fareham, Hants
PO14 1AH

LOREBURN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS (continued) FOR THE YEAR ENDED 31 MARCH 2025

BANKERS

Royal Bank of Scotland
UK Corporate Banking
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

SOLICITORS

BTO Solicitors LLP
48 St Vincent Street
Glasgow
G2 5HS

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025

The Management Committee presents its report and the financial statements for the year ended 31 March 2025.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2110R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAL153) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC029917.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. The Association continues to operate across Dumfries and Galloway, Scotland with new development programmed across the region. The Association is registered with the Financial Conduct Authority as a Community Benefit Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord. The Association is primarily regulated by the Scottish Housing Regulator.

Review of Business and Future Developments

This financial year has been challenging from an operational point of view - our tenants, staff, suppliers have seen the effects of the rising cost of living, along with the negative impact of inflation and interest rate uncertainty. Loreburn has had to adapt and consider these challenges in its operating activity and continues to strive for offering value for money services to its tenants. We, like many organisations, are continuing to face significant additional costs, rising standards, and unprecedented change in a challenging economic environment. However, despite these challenges we have again been able to achieve many service successes and remain on track to deliver key strategic objectives.

The Association made the strategic decision to pause new development work until 2029/30. During this period, we intend to create a cash reserve, and along with refinancing, later in the decade, this may allow us to start to develop small housing developments or increase our stock through private acquisitions.

This is Year 2 of our 5-year Corporate Plan. A culture of continuous improvement is being embedded in everything we do. Our performance highlights this year include:

- The Garrick Development in Stranraer has been opened and fully let to tenants and local groups working in partnership with key stakeholders to provide a range of services to the local community.
- Handed over 6 new energy efficient homes at Lochmaben.
- £3m+ being invested in existing homes to improve comfort, quality, and energy efficiency
- 89.32% of stock meeting Scottish Housing Quality Standard (SHQS) compared to Scottish RSL average of 80%
- Tenant satisfaction has fallen across all our indicators, whilst this is disappointing it is not surprising. The RSL sector has experienced falls in tenant satisfaction across the board. We are determined however to reverse this trend and improve services provision; this is being delivered primarily through our Housing Excellence Plan. We have also committed to improving our existing stock and maximising spend on investment on existing stock.
- A business improvement project has started, and it is planned that this will focus on improving efficiency and effectiveness across the business both from a management cost perspective and from reducing other operating costs wherever possible.

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Our Management Committee recognise many of our tenants continue to struggle with cost-of-living increases. Against this background of households facing increasing pressure, we see low-income households spending a larger proportion than previously on energy and food. However, our levels of rent collection have remained steady throughout the year, with rent arrears sitting at 4%, which is within our agreed Key Performance Indicators.

We continue to support our tenants by actively seeking grant funding to continue to support those in need and particularly those experiencing high energy bills.

ECO4 Funding

Investment in existing stock remains a key priority and we are working towards meeting both the Energy Efficiency Standard for Social Housing (EESH) standards and to meet the Scottish Housing Quality Standard (SHQS). Our ARC return indicates that 82.55% met SHQS in 24/25. We are currently completing stock condition surveys to better understand the needs of our tenants and to allow better business decisions in the allocation of investment spending. This work has provided us with greater insight into the investment priorities for our stock. We aim to improve our performance to greater than 90% in the coming years.

The Association has secured an initial £3m of ECO4 funding with a further £22m available over the next 2-3 years. It is expected that these funds will have significant impact on improving energy efficiency in more than 1600 of Loreburn's Homes.

Loreburn continues to invest in its homes with expenditure of greater than £5m planned in the coming financial year and together with the boost from ECO4 funding hopes to be able to make significant and tangible improvements to tenants' homes over the next 2-3 years.

The use of innovation and technology has continued to grow throughout the year - sensors have been installed in several more properties to gain better insight into how our tenants live in their homes and use energy. The sensors have also been instrumental in providing information into how our homes perform. We are working on an innovation strategy that will investigate how we can use technology to improve how we deliver services.

We continue to work remotely allowing us better access to working actively in our communities and delivering services direct to tenants. This model is working well as we can evidence high levels of staff satisfaction; at the end of 2024, Loreburn reported staff satisfaction at 94%. Although our tenant satisfaction levels fell this year, we have noted that most of our tenants are satisfied with our model of providing services in our communities instead of from office bases, with 91% of those surveyed reporting that the decision to close offices has not caused any difficulties. We have embedded a culture of continuous improvement across all areas of our operation that will ensure that we provide exceptional customer services.

With all the above in mind our rent increase for 2024/25 was set at 3.25%. Our long-term business plan continues to focus on investing in our properties whilst ensuring that rents are affordable and represent value for money. Our business plan targets a positive increase in cash reserves, and a level of realistic cost reduction within the current operating environment. In the year ahead we will continue to maintain our focus on finding more efficient and effective ways of working, providing a good service, and delivering value for money.

With general cost inflation and increases in interest costs impacting our cost base, sensitivity analysis testing is included in our business plan to ensure we can adapt to these should the levels rise above the rates set out in our plans whilst maintaining a similar level of service.

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025

Review of Business and Future Developments (Contd.)

Our new 5-year strategic plan (2024-2029) is now in place, and we believe that it will put Loreburn in a strong position financially and improve the living accommodation of our tenants in the run up to the end of the decade.

We thank everyone involved with Loreburn; Members, Management Committee, key stakeholders, strategic partners, and colleagues across the business for their continued contribution to our success.

Management Committee and Executive Officers

The members of the Management Committee and the Executive officers are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Management Committee.

The members of the Management Committee are also trustees of the charity. Members of the Management Committee are either nominated or elected by the members at the Association's Annual General Meeting or are appointed by the Management Committee in accordance with the rules of the Association. The existing Management Committee has 13 members, of which 10 members were elected and 3 members appointed.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Management Committee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025

Statement of Management Committee's Responsibilities (Contd.)

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

Going Concern

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

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication.
- the maintenance of proper accounting records.
- the safeguarding of assets against unauthorised use or disposition.

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable, and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised, and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2025. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year, the Association made charitable donations of £2,207 (2024 - £714).

Disclosure of Information to the Auditor

The members of the Management Committee 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.

LOREBURN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2025

Auditor

To ensure good governance, we regularly tender our external audit services. This is planned for the forthcoming year 2025/26 onwards, and the successful Firm will be appointed following completion of that tender exercise.

By order of the Management Committee

Neil Madden
Secretary

26 August 2025

LOREBURN HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the financial statements, we have reviewed your statement on page 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement of Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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

ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
Glasgow



LOREBURN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOREBURN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2025

Opinion

We have audited the financial statements of Loreburn Housing Association Limited (the 'Association') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2024.

Basis of Opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

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

LOREBURN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOREBURN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2025 (continued)

Other Information (Contd.)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on pages 5 and 6, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee 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 Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

LOREBURN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOREBURN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2025 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

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

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

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

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

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

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

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

LOREBURN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOREBURN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2025 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

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

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

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

Use of our Report

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

ALEXANDER SLOAN LLP
Accountants and Business Advisers
Statutory Auditors
Glasgow



LOREBURN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
Revenue	2		18,163,039		16,293,367
Operating costs	2		15,337,927		16,763,555
OPERATING SURPLUS / (DEFICIT)			2,825,112		(470,188)
Gain on sale of housing stock	7	125,213		68,934	
Interest receivable and other income		162,620		141,779	
Interest payable and similar charges	8	(1,806,492)		(1,777,821)	
Other Finance income/(charges)	10	(52,000)		(16,000)	
			(1,570,659)		(1,583,108)
Surplus / (deficit) on ordinary activities before taxation	9		1,254,453		(2,053,296)
SURPLUS / (DEFICIT) FOR THE YEAR			1,254,453		(2,053,296)
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	20		231,000		(730,000)
TOTAL COMPREHENSIVE INCOME			1,485,453		(2,783,296)

The results relate wholly to continuing activities.

The notes on pages 18 to 39 form an integral part of these financial statements.

LOREBURN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		190,453,002		190,511,892
Other tangible assets	11		1,236,290		455,007
Investments	12		3		3
			<u>191,689,295</u>		<u>190,966,902</u>
RECEIVABLES: Amounts falling due after more than one year					
	13		1,516,395		1,610,961
CURRENT ASSETS					
Receivables	14	1,757,771		2,351,105	
Stock and work in progress	15	3,071,846		3,504,349	
Cash and cash equivalents	16	3,030,014		1,866,704	
		<u>7,859,631</u>		<u>7,722,158</u>	
CREDITORS: Amounts falling due within one year					
	17	(8,044,590)		(8,862,329)	
NET CURRENT LIABILITIES					
			<u>(184,959)</u>		<u>(1,140,171)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			193,020,731		191,437,692
CREDITORS: Amounts falling due after more than one year					
	18		(58,152,231)		(56,658,849)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	20	(881,000)		(1,060,000)	
			(881,000)		(1,060,000)
DEFERRED INCOME					
Social housing grants	21	(114,743,524)		(115,960,318)	
			<u>(114,743,524)</u>		<u>(115,960,318)</u>
NET ASSETS					
			<u>19,243,976</u>		<u>17,758,525</u>
EQUITY					
Share capital	22		90		92
Revenue reserves			20,124,886		18,818,433
Pension reserves			(881,000)		(1,060,000)
			<u>19,243,976</u>		<u>17,758,525</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 26 August 2025

Committee Member

Committee Member

Secretary

The notes on pages 18 to 39 form an integral part of these financial statements.

LOREBURN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Notes	£	2025 £	£	2024 £
Profit/(Loss) for the Year			1,254,453		(2,053,296)
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	3,738,423		3,577,842	
Impairment charge	11	1,000,435		374,719	
Abortive costs	4	-		2,871,774	
Amortisation of capital grants	21	(1,376,851)		(1,339,226)	
(Loss)/Gain on disposal of tangible fixed assets		(125,213)		(68,934)	
Non-cash adjustments to pension provisions		52,000		16,000	
Share capital written off	22	(9)		(28)	
			3,288,785		5,432,147
Interest receivable			(162,620)		(141,779)
Interest payable	8		2,157,717		2,070,793
Operating cash flows before movements in working capital			6,538,335		5,307,865
Change in stock		32,503		(84,349)	
Change in properties developed for resale		400,000		(3,420,000)	
Change in debtors		(22,173)		(307,449)	
Change in creditors		284,463		2,005,803	
			694,793		(1,805,995)
Net cash inflow from operating activities			7,233,128		3,501,870
Investing Activities					
Acquisition and construction of properties		(6,598,670)		(8,544,543)	
Purchase of other fixed assets		(11,645)		(34,048)	
Social housing grant received		478,979		4,299,938	
Social housing grant repaid		(37,473)		(28,970)	
Proceeds on disposal of housing properties		224,459		434,636	
Proceeds on disposal of other tangible assets		289,104		-	
Net cash outflow from investing activities			(5,655,246)		(3,872,987)
Financing Activities					
Loan repayments from Subsidiary		94,566		84,887	
Loan Advances Received		2,000,000		9,964,611	
Interest received on cash and cash equivalents		162,620		141,779	
Interest paid on loans		(2,157,717)		(2,070,793)	
Loan principal repayments		(514,048)		(7,453,342)	
Share capital issued	22	7		8	
Net cash (outflow) / inflow from financing activities			(414,572)		667,150
Increase in cash	23		1,163,310		296,033
Opening cash & cash equivalents			1,866,704		1,570,671
Closing cash & cash equivalents			3,030,014		1,866,704
Cash and cash equivalents as at 31 March					
Cash	23		3,030,014		1,866,704
			3,030,014		1,866,704

The notes on pages 18 to 39 form an integral part of these financial statements.

LOREBURN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2025

	Share Capital	Scottish Housing Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2023	112	(314,000)	20,855,729	20,541,841
Issue of Shares	8	-	-	8
Cancellation of Shares	(28)	-	-	(28)
Other comprehensive income	-	(730,000)	-	(730,000)
Other movements	-	(16,000)	16,000	-
Deficit for the year	-	-	(2,053,296)	(2,053,296)
Balance as at 31 March 2024	92	(1,060,000)	18,818,433	17,758,525
Balance as at 1 April 2024	92	(1,060,000)	18,818,433	17,758,525
Issue of Shares	7	-	-	7
Cancellation of Shares	(9)	-	-	(9)
Other comprehensive income	-	231,000	-	231,000
Other movements	-	(52,000)	52,000	-
Surplus for the year	-	-	1,254,453	1,254,453
Balance as at 31 March 2025	90	(881,000)	20,124,886	19,243,976

The notes on pages 18 to 39 form an integral part of these financial statements.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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

Revenue

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

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

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

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

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

The balance sheet shows a net current liability position at the year-end however there are loan facilities in place of £4m available to be drawn upon as required to meet these liabilities when they fall due. The internal policy is to maintain a cash balance on the main account over £750k.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Bathrooms	Over 25 years
Boilers	Over 15 years
Communal Areas	Over 40 years
Electrics	Over 40 years
FRA Works	Over 40 years
Gas Mains	Useful Life Remaining
Heating ex Boilers	Over 20 years
Hot Water Tanks/Cylinders	Over 15 years
Kitchens	Over 15 years
Roof	Over 60 years
Solar Panels	Over 20 years
Structure	Over 100 years
Windows & External Doors - Metal	Over 40 years
Windows & External Doors - PVC	Over 30 years
Windows & External Doors - Timber	Over 25 years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Premises	2% straight line per annum
Office Equipment	20% straight line per annum
Fixtures & Fittings	20% straight line per annum
Shared Ownership Properties	2% straight line per annum
Commercial Properties - Structure	1% straight line per annum
Commercial Properties - Components	As detailed for housing components above

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

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Social Housing Grants and Other Capital Grants

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

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

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

Social housing grants are attributed fully to the structure of housing properties and released over 100 years.

Sales Of Housing Properties

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

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

Taxation

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

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Borrowing Costs

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

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to services charges. The balance of unspent service income is included as a liability where amounts are repayable or there is a present obligation to incur service charges.

Property Development Cost

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

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

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

VAT

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

Financial Instruments - Basic

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

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

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

Termination Benefits

Termination benefits are employee benefits payable as a result of either the Management Committee's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged on an accruals basis through the Statement of Comprehensive Income.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

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

Key Judgements

a) Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

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

d) Pension Liability

The Association participated in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 30.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

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

d) Costs of shared ownership

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

e) Defined pension liability

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

f) Impairment of housing properties

Where there are indicators of impairment the Association completes an impairment review, taking into account the estimated replacement cost of development works assuming optimal conditions. In making an estimate of this cost, we take professional advice from the Association's Quantity Surveyors, where the amounts involved are material.

g) Valuation of land held for resale

The Association had valuations carried out on the landbank, as a result of the management committee decision to pause development. These valuations are carried out by external valuers, and estimate the land value at market value.

g) Componentising of development costs and split of impairment

Development costs have been split between units using the relative floor areas of the various buildings; both to split the land and the components. Components are then allocated using the Association's standard component matrix and depreciated accordingly. Impairment is split across components on the same basis. The standard matrix is reviewed regularly, and particularly when developments complete, to ensure it apportions values in a manner which appears appropriate for the individual components which are subsequently depreciated over differing lifespans.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

			2025	Operating surplus / (deficit)		2024	Operating surplus / (deficit)
	Notes	Turnover £	Operating costs £	£	Turnover £	Operating costs £	£
Affordable letting activities	3	16,991,212	14,730,575	2,260,637	15,438,068	13,264,830	2,173,238
Other Activities	4	1,171,827	607,352	564,475	855,299	3,498,725	(2,643,426)
Total		18,163,039	15,337,927	2,825,112	16,293,367	16,763,555	(470,188)

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2025 Total £	2024 Total £
Revenue from Lettings					
Rent receivable net of service charges	11,807,216	2,361,443	590,361	14,759,020	13,287,859
Service charges receivable	779,174	155,835	38,959	973,968	890,022
Gross income from rent and service charges	12,586,390	2,517,278	629,320	15,732,988	14,177,881
Less: Rent losses from voids	94,901	18,980	4,745	118,626	79,039
Income from rents and service charges	12,491,489	2,498,298	624,575	15,614,362	14,098,842
Grants released from deferred income	1,101,480	220,296	55,074	1,376,850	1,339,226
Total turnover from affordable letting activities	13,592,969	2,718,594	679,649	16,991,212	15,438,068
Expenditure on affordable letting activities					
Management and maintenance administration	3,820,473	802,908	200,727	4,824,108	4,785,334
Service costs	892,242	178,448	44,612	1,115,302	890,021
Planned and cyclical maintenance, including major repairs	1,410,253	267,580	(5,097)	1,672,736	1,989,117
Reactive maintenance costs	1,798,321	359,664	89,916	2,247,901	1,631,983
Bad Debts - rents and service charges	103,108	20,622	5,155	128,885	62,258
Depreciation of affordable let properties	3,031,901	567,446	141,861	3,741,208	3,531,398
Impairment of affordable let properties	1,000,435	-	-	1,000,435	374,719
Operating costs of affordable letting activities	12,056,733	2,196,668	477,174	14,730,575	13,264,830
Operating surplus on affordable letting activities	1,536,236	521,926	202,475	2,260,637	2,173,238
2024	2,135,160	81,680	(43,602)		

Impairment arising in the Financial Statements is due to the increased costs to enable the Garrick Development project to be completed.

The impairment represents the final costs incurred for this project less a benchmarked total development cost in the current market applying optimal conditions (replacement cost).

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2025	Operating surplus / (deficit) 2024
	£	£	£	£	£	£	£	£
Wider role activities	127,432	-	-	-	127,432	127,432	-	-
Support activities	-	113,576	-	-	113,576	113,576	-	-
Uncapitalised development administration costs	-	-	-	-	-	159,408	(159,408)	(105,169)
Other activities	-	-	-	723,883	723,883	-	723,883	333,517
Abortive costs	-	-	-	-	-	-	-	(2,871,774)
Aids & Adaptations	206,936	-	-	-	206,936	206,936	-	-
Total From Other Activities	334,368	113,576	-	723,883	1,171,827	607,352	564,475	(2,643,426)
2024	335,562	186,220	-	333,517	855,299	3,498,725	(2,643,426)	

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2025 £	2024 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>259,646</u>	<u>144,716</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>20,104</u>	<u>11,104</u>
Emoluments payable to Chief Executive Officer (excluding pension contributions)	104,696	90,668
Pension contributions paid on behalf of the Chief Executive Officer	<u>7,856</u>	<u>6,270</u>
Total emoluments payable to the Chief Executive Officer	<u>112,552</u>	<u>96,938</u>
Total emoluments paid to key management personnel	<u>332,423</u>	<u>284,601</u>

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

	Number	Number
£70,001 to £80,000	-	1
£80,001 to £90,000	2	1
£110,001 to £120,000	1	-

6. EMPLOYEE INFORMATION

	2025 No.	2024 No.
Average monthly number of full time equivalent persons employed during the year	<u>106</u>	<u>106</u>
Average total number of employees employed during the year	<u>114</u>	<u>114</u>
Staff costs were:	£	£
Wages and salaries	3,760,524	3,396,227
National insurance costs	347,139	304,964
Pension costs	278,274	250,300
Temporary, agency and seconded staff	-	96,483
	<u>4,385,937</u>	<u>4,047,974</u>

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. GAIN ON SALE OF HOUSING STOCK

	2025	2024
	£	£
Sales proceeds	207,066	209,361
Cost of sales	81,853	140,427
Gain on sale of housing stock	<u>125,213</u>	<u>68,934</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2025	2024
	£	£
On bank loans and overdrafts	2,157,717	2,070,793
Interest capitalised in housing properties	(351,225)	(292,972)
	<u>1,806,492</u>	<u>1,777,821</u>

9. SURPLUS / (DEFICIT) FOR THE YEAR

	2025	2024
	£	£
Surplus / (Deficit) For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	3,738,423	3,577,842
Loss on component disposals	(55,474)	(75,554)
Auditors' remuneration - audit services	<u>26,460</u>	<u>17,820</u>

10. OTHER FINANCE INCOME / (CHARGES)

	2025	2024
	£	£
Net interest on pension obligations	<u>(52,000)</u>	<u>(16,000)</u>

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2024	235,046,611	10,099,240	3,779,206	248,925,057
Additions	2,184,092	3,653,864	-	5,837,956
Disposals	(647,970)	-	(76,734)	(724,704)
Transfer to Other Fixed Assets	-	(1,694,117)	-	(1,694,117)
Transfers	11,931,027	(11,931,027)	-	-
At 31 March 2025	248,513,760	127,960	3,702,472	252,344,192
DEPRECIATION				
At 1 April 2024	53,793,563	3,223,225	1,396,377	58,413,165
Charge for Year	3,634,438	-	57,958	3,692,396
Impairment charge	-	1,000,435	-	1,000,435
Impairment transferred to held for letting	3,634,312	(3,634,312)	-	-
Impairment transferred to other fixed assets	-	(589,348)	-	(589,348)
Disposals	(594,258)	-	(31,200)	(625,458)
At 31 March 2025	60,468,055	-	1,423,135	61,891,190
NET BOOK VALUE				
At 31 March 2025	188,045,705	127,960	2,279,337	190,453,002
At 31 March 2024	181,253,048	6,876,015	2,382,829	190,511,892

	2025		2024	
Expenditure on Existing Properties	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	2,184,092	-	1,467,076	-
Amounts charged to the statement of comprehensive income	4,087,721	-	3,621,100	-

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £28,051 (2024 - £108,289)

The Association's lenders have standard securities over housing property with a carry value of £88,063,000 (2024 - £88,431,116)

Upon completion of cyclical valuation, the security position with Nationwide was adjusted to reflect security required for outstanding loans. This resulted in a significant reduction in security required.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Commercial Properties £	Total £
COST				
At 1 April 2024	719,650	753,417	-	1,473,067
Additions	-	11,645	-	11,645
Disposals	(562,306)	-	-	(562,306)
Transferred in from Assets Under Construction	-	-	1,694,117	1,694,117
At 31 March 2025	157,344	765,062	1,694,117	2,616,523
DEPRECIATION				
At 1 April 2024	332,550	685,510	-	1,018,060
Charge for year	5,913	32,072	8,042	46,027
Impairment transferred in from Assets Under Construction			589,348	589,348
Eliminated on disposals	(273,202)	-	-	(273,202)
At 31 March 2025	65,261	717,582	597,390	1,380,233
NET BOOK VALUE				
At 31 March 2025	92,083	47,480	1,096,727	1,236,290
At 31 March 2024	387,100	67,907	-	455,007

12. FIXED ASSET INVESTMENTS

	2025 £	2024 £
Subsidiary undertakings	3	3
	<u>3</u>	<u>3</u>

Subsidiary Undertakings

Loreburn Housing Association Limited has the following wholly owned subsidiary undertakings. The registered office of the subsidiary is 7 Gifhorn House, Shakespeare Street, Dumfries.

	2025 - Unaudited		2024	
	Reserves £	Profit / (Loss) £	Reserves £	Profit / (Loss) £
Dumfries & Galloway Homes Limited	1,811,422	(12,445)	1,823,867	46,365

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RECEIVABLE AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2025	2024
	£	£
Loans due from subsidiary	1,516,395	1,610,961

The Association holds security over loans to subsidiary.

14. RECEIVABLES

	2025	2024
	£	£
Gross arrears of rent and service charges	971,806	732,142
Less: Provision for doubtful debts	(374,644)	(294,097)
<i>Net arrears of rent and service charges</i>	597,162	438,045
Social housing grant receivable	-	615,507
Other receivables	1,048,642	1,195,238
Amounts due from group undertakings	111,967	102,315
	<u>1,757,771</u>	<u>2,351,105</u>

15. STOCK AND WORK IN PROGRESS

	2025	2024
	£	£
Land held for sale	3,020,000	3,420,000
Stock of maintenance materials	51,846	84,349
	<u>3,071,846</u>	<u>3,504,349</u>

Following the management committee decision to pause development, the landbank was valued by an external valuer, Allied Surveyors Scotland and DM Hall Chartered Surveyors. The Association reduced the carrying cost to an estimate of net realisable value, with the market values provided by the surveyors assessed as being indicative of the recoverable amount. These are detailed below:

Site	Market Value	Valuation	
		Date	Surveyor
Selkirk Road, Moffat	1,700,000	04/03/2024	DM Hall Commercial
Brooms Road, Dumfries	145,000	19/06/2024	Allied Surveyors Scotland
Murtholm Farm, Langholm	1,175,000	19/06/2024	Allied Surveyors Scotland

The valuations were in accordance with the current RICS Valuation - Global Standards effective from 21 January 2020, published by the Royal Institution of Chartered Surveyors (commonly known as the "Red Book" and the RICS valuation - Global Standards 2017 - UK National Supplement effective from 14 January 2019.

The Directors have reviewed the carrying value of the Association's current asset land base in accordance with the requirements of FRS 102 and the Statement of Recommended Practice for Registered Social Housing Providers (the "SORP"). Having considered relevant market data and valuation benchmarks, the Directors are satisfied that the land assets are carried in the balance sheet at lower of cost and net realisable value, with net realisable value based on market value, and no indicators of impairment have been identified at the balance sheet date.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. CASH AND CASH EQUIVALENTS		
	2025	2024
	£	£
Cash at bank and in hand	3,030,014	1,866,704
	<u>3,030,014</u>	<u>1,866,704</u>
17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2025	2024
	£	£
Bank loans	1,495,142	1,502,572
Trade payables	733,948	1,144,515
Rent received in advance	190,858	199,649
Social housing and other grants repayable	2,838,229	3,172,287
Other taxation and social security	77,668	71,604
Amounts due to group undertakings	3,630	4,110
Other payables	2,015,687	2,000,262
Accruals and deferred income	689,428	767,330
	<u>8,044,590</u>	<u>8,862,329</u>
18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2025	2024
	£	£
Bank loans	58,152,231	56,658,849
	<u>58,152,231</u>	<u>56,658,849</u>
19. DEBT ANALYSIS - BORROWINGS		
	2025	2024
	£	£
Bank Loans		
Amounts due within one year	1,495,142	1,502,572
Amounts due in one year or more but less than two years	1,496,304	1,553,024
Amounts due in two years or more but less than five years	4,423,056	4,957,160
Amounts due in more than five years	52,232,871	50,148,665
	<u>59,647,373</u>	<u>58,161,421</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Bank of Scotland	137	Fixed 1.35%-6.65% Variable Margin of 0.5%	2026-2031	2 Fixed/2 Variable
Clydesdale Bank	103	5.9%	2029	Fixed
Lloyds Bank	122	Variable margin of 0.35%	2036	Variable
Nationwide Building Society	526	Fixed 1.9%-6% Variable Margin of 0.55%	2034-2044	4 Fixed
RBS	1,132	Fixed 2.2%-7.65%. Variable margin of 1.35%	2029-2045	(1) See note below

(1) 1 Fixed, 1 Variable with switch to Fixed in Mar 22 + Revolving Credit Facility on Variable

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

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

The 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 pensions schemes in the UK.

The last triennial valuation of the Scheme was performed as at 30 September 2024 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £689.8m. The valuation revealed a shortfall of assets compared with the value of liabilities of £79.5m (equivalent to a past service funding level of 90%). A recovery plan is being put in place to eliminate the past service deficit from 1 April 2026 to 31 March 2030 for the majority of employers.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

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

	2025 £	2024 £	2023 £
Fair value of plan assets	6,698,000	7,877,000	8,958,000
Present value of defined benefit obligation	7,579,000	8,937,000	9,272,000
Surplus / (deficit) in plan	(881,000)	(1,060,000)	(314,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(881,000)	(1,060,000)	(314,000)

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025 £	2024 £
Defined benefit obligation at the start of period	8,937,000	9,272,000
Expenses	15,000	14,000
Interest expense	429,000	444,000
Actuarial losses (gains) due to scheme experience	(145,000)	(331,000)
Actuarial losses (gains) due to changes in demographic assumptions	-	(49,000)
Actuarial losses (gains) due to changes in financial assumptions	(1,221,000)	(141,000)
Benefits paid and expenses	(436,000)	(272,000)
Defined benefit obligation at the end of period	7,579,000	8,937,000

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

	2025 £	2024 £
Fair value of plan assets at start of period	7,877,000	8,958,000
Interest income	377,000	428,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,135,000)	(1,251,000)
Contributions by the employer	15,000	14,000
Benefits paid and expenses	(436,000)	(272,000)
Fair value of plan assets at the end of period	6,698,000	7,877,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£758,000) (2024: (£823,000)).

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2025	2024
	£	£
Expenses	15,000	14,000
Net interest expense	52,000	16,000
	<u>67,000</u>	<u>30,000</u>
Defined benefit costs recognised in statement of comprehensive income	67,000	30,000

Defined benefit costs recognised in the other comprehensive income

	2025	2024
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(1,135,000)	(1,251,000)
Experience gains and losses arising on plan liabilities - gain /(loss)	145,000	331,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	49,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	1,221,000	141,000
	<u>231,000</u>	<u>(730,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	231,000	(730,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
	<u>231,000</u>	<u>(730,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	231,000	(730,000)

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2025	2024	2023
	£	£	£
Absolute Return	-	354,000	122,000
Alternative Risk Premia	-	284,000	52,000
Corporate Bond Fund	-	-	12,000
Credit	285,000	-	-
Credit Relative Value	-	277,000	342,000
Distressed Opportunities	-	290,000	276,000
Emerging Markets Debt	-	138,000	69,000
Global Equity	776,000	906,000	236,000
Infrastructure	1,000	754,000	965,000
Insurance-Linked Securities	26,000	49,000	249,000
Investment Grade Credit	306,000	-	-
Liability Driven Investment	1,886,000	2,849,000	3,793,000
Long Lease Property	2,000	59,000	300,000
Net Current Assets	9,000	10,000	20,000
Private Credit	835,000	-	-
Private Debt	-	317,000	400,000
Private Equity	6,000	6,000	-
Property	332,000	333,000	373,000
Real Assets	799,000	-	-
Risk Sharing	-	473,000	653,000
Secured Income	155,000	263,000	599,000
Opportunistic Illiquid Credit	-	313,000	396,000
Liquid Alternatives	1,233,000	-	-
High Yield	-	1,000	45,000
Opportunistic Credit	-	-	1,000
Current Hedging	11,000	(3,000)	17,000
Cash	36,000	204,000	38,000
Total assets	6,698,000	7,877,000	8,958,000

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

Key Assumptions

	2025	2024	2023
Discount Rate	5.9%	4.9%	4.8%
Inflation (RPI)	3.1%	3.1%	3.2%
Inflation (CPI)	2.8%	2.8%	2.8%
Salary Growth	3.8%	3.8%	3.8%
Allowance for commutation of pension for cash at retirement	75% of minimum allowance		

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

	Life expectancy at age 65 years
	(years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2045	21.5
Female retiring in 2045	24.2

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. DEFERRED INCOME

	Social Housing Grants £	Total £
Capital grants received		
At 1 April 2024	139,913,208	139,913,208
Additions in the year	197,530	197,530
Eliminated on disposal	(63,256)	(63,256)
At 31 March 2025	<u>140,047,482</u>	<u>140,047,482</u>
Amortisation		
At 1 April 2024	23,952,890	23,952,890
Amortisation in year	1,376,851	1,376,851
Eliminated on disposal	(25,783)	(25,783)
At 31 March 2025	<u>25,303,958</u>	<u>25,303,958</u>
Net book value		
At 31 March 2025	<u>114,743,524</u>	<u>114,743,524</u>
At 31 March 2024	<u>115,960,318</u>	<u>115,960,318</u>

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

	2025 £	2024 £
Amounts due within one year	1,164,546	1,140,741
Amounts due in more than one year	113,578,978	114,819,577
	<u>114,743,524</u>	<u>115,960,318</u>

22. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2025 £	2024 £
At 1 April	92	112
Issued in year	7	8
Cancelled in year	(9)	(28)
At 31 March	<u>90</u>	<u>92</u>

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.

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	£	2025 £	£	2024 £
Increase in cash	1,163,310		296,033	
Cashflow from change in net debt	(1,485,952)		(2,511,269)	
Movement in net debt during the year		(322,642)		(2,215,236)
Net debt at 1 April		(56,294,717)		(54,079,481)
Net debt at 31 March		(56,617,359)		(56,294,717)

	At 1 April 2024	Cashflows	Other Changes	At 31 March 2025
	£	£	£	£
Cash and cash equivalents	1,866,704	1,163,310	-	3,030,014
	1,866,704	1,163,310	-	3,030,014
Debt: Due within one year	(1,502,572)	514,048	(506,618)	(1,495,142)
Due after more than one year	(56,658,849)	(2,000,000)	506,618	(58,152,231)
Net debt	(56,294,717)	(322,642)	-	(56,617,359)

24. CAPITAL COMMITMENTS

	2025 £	2024 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	-	2,877,008

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

25. COMMITMENTS UNDER OPERATING LEASES

	2025 £	2024 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	272,088	272,088
Expiring later than one year and not later than five years	687,856	917,141

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 7 Gifhorn House, Shakespeare Street, Dumfries, DG1 2JB.

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

27. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £Nil (2024 - £Nil) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

28. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2025 No.	2024 No.
General needs	2,156	2,122
Supported housing	423	457
Shared ownership	125	128
Accommodation Managed on Behalf of Another Body	15	15
	<u>2,719</u>	<u>2,722</u>

LOREBURN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. RELATED PARTY TRANSACTIONS

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

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

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

	2025 £	2024 £
Rent received from tenants on the Management Committee and their close family members	5,902	6,744

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £102 (2024 - £0).

Members of the Management Committee who are tenants	2	2
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Dumfries and Galloway Homes Limited is the wholly owned subsidiary of the Association at the end of the year. Dumfries and Galloway Homes Limited's principal activity is the provision of rented residential property.

During the year there were intercompany sales from the Association to the subsidiary of £282,204 (2024: £278,236) and management fees charged of £16,479 (2024: £18,807).

There were property management fees charged by the subsidiary to the Association of £15,305 (2024: £16,485).

Amounts owed by group undertakings is disclosed in Notes 14 and 15 and amounts owed to group undertaking in Note 18.

Included within the debtors balances at the year end is an intercompany loan due to the Association from the subsidiary. During the year, capital repayments were made by the subsidiary of £89,146 (2024: £84,896) and interest payments of £118,508 (2024: £119,230). The balance of the loan outstanding at the year end is £1,612,143 (2024: £1,700,003).

30. CONTINGENT LIABILITY

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.