WEST HIGHLAND HOUSING ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

Financial Conduct Authority Number: 1691R (S)

Scottish Housing Regulator Registration Number: HEP 163

Registered Scottish Charity Number: SC017357

WEST HIGHLAND HOUSING ASSOCIATION

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WEST HIGHLAND HOUSING ASSOCIATION

ASSOCIATION INFORMATION

Directors	G Boyle L Houston J Degnan D Mackie D Sloss J Tolmie D Cargill Councillor D McFadzean P Barnes J McKie J Turner R Pfeifer	
Secretary	B Sadler	
Registered office	Crannog Lane Oban Argyll PA34 4HB	
Auditor	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL	
Internal auditor	TIAA Artillery House Fort Fareham Industrial Site Fareham PO14 1AH	
Bankers	Nationwide Building Society Commercial Division Caledonia House Carnegie Avenue Dunfermline KY11 8PE	Bank of Scotland Station road Oban PA34 4LL
	Virgin Money 19 Longrow Campbeltown PA28 6ER	CAF Bank 25 Kingshill Avenue West Malling Kent ME19 4JQ
	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2AD	

WEST HIGHLAND HOUSING ASSOCIATION

ASSOCIATION INFORMATION

Solicitors	T C Young Solicitors 7 West George Street Glasgow G2 1BA

WEST HIGHLAND HOUSING ASSOCIATION

REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2026

The Board presents its report and audited financial statements for year ended 31 March 2026.

Legal Status

West Highland Housing Association Limited (the Association) is a registered non-profit making body under the Co-operative and Community Benefit Societies Act 2014 No. 1691R (S).

The Association is governed under its rules and registered with the Financial Conduct Authority, the Scottish Housing Regulator as a Registered Social Landlord and with the Office of the Scottish Charities Regulator as a Scottish charity.

Principal Activity

The Association's principal activity is the provision of affordable, well-maintained, high-quality housing in the Oban, Lorn and Island area. In doing this we support fragile communities within the local area.

Mission, Objectives and Values

Our Mission Statement and Values reflect our work in supporting local communities and our tenants.

Our Mission

Providing and maintaining quality homes to support local communities to thrive.

Objectives

The Association plans activities around the following strategic objectives:

- Providing High Quality Sustainable Homes
- Delivering Excellent Services
- Keeping the Organisation Safe and Secure
- Valuing Our People
- Strengthening Positive Community Partnerships

Our Values

Our Values underpin everything we do:

- Responsibility – We all take responsibility for our actions.
- Empathy – We work hard to understand how people feel as individuals and treat them with dignity.
- Social Impact – We strive to ensure that there is a positive social impact from our activities and work with others who share these aims.
- Participation – We are proactive in providing opportunities for people to engage with us and help us to improve our services.
- Equity – We are all equal and different, and we aim to provide inclusive environments for work and for living.
- Challenge – We challenge ourselves and others towards excellence and innovation in all we do.
- Transparency – We wish to be open and honest about what we do and how we do it.

Board and Executive Officers

The members of the Board and the Executive Officers are listed on page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board. The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Corporate Structure

The association is a subsidiary of Link Group Limited (the Group), a Registered Social Landlord. Ultimate responsibility for the conduct and the control of the Group and its subsidiaries rests with the Link Group Board, while an Independence and Responsibilities Agreement sets out conditions for the autonomous operation of the Association within the Group.

The Association has its own subsidiary West Highland Futures Limited which has its own Board of Directors split equally between independent members and West Highland Housing Association board members.

Corporate Governance

Link Group submits Group assurance statements to the Regulator confirming compliance with:

- All relevant regulatory requirements set out in Chapter 3 of the Regulatory Framework
- All relevant standards and outcomes in the Scottish Social Housing Charter
- All relevant legislative duties
- The Standards of Governance and Financial Management

The Association's Chair, Linda Houston, is also a member of the Link Group Board as part of the Link Group governance structure.

Board and Governance

On an operational day to day basis the Association is managed by the Chief Executive who reports to the Board. Board Meetings are held approximately every 2 months. The current governance structure includes an overall Board, an Audit & Risk Committee, a Performance & Health & Safety Committee and a Nominations Committee.

The Board sets the strategic direction of the organisation and monitors the operational activities. As at the year end, there were 12 Board Members, one of which was Council nominated.

At the AGM in September 2025, Linda Houston was appointed as the new Board Chair and Jim Tolmie as Board Vice Chair.

The Board held its annual in-person away day (split over two days) in October 2025 where the main themes were:

- 30 Year Plan / Investment Plans / Assumptions
- Rent Affordability
- Innovation

Corporate Plan 2023-2028

The Corporate Plan was approved in 2023 for a five-year period. Alongside the Corporate Plan, an annual Delivery Plan is produced. The 2025/26 Delivery Plan included the headline actions and projects planned to be undertaken during the year with progress on achieving the Delivery Plan reported on a quarterly basis to Board. The Delivery Plan actions were aligned to the Association's five Corporate Plan Objectives which are:

- Providing high quality homes
- Delivering excellent services
- Keeping the organisation safe and secure
- Valuing our people
- Promoting positive community partnerships

Business Plan 2026-2029

As the vast majority of the identified actions in the Corporate Plan were completed by 2025/26, the Board approved the development of a new Business Plan from 2026. This also aligned the Business Plan development with Link Group and its partners, ensuring there is a more consistent Business Plan approach and layout across the group. The new three-year WHHA Business Plan was approved in March 2026 and included consultation and feedback from staff, tenants and Board Members. The new Business Plan runs from 2026-2029.

Development Strategy 2023-2028

The current five-year Development Strategy was approved in 2023. As with previous years, a number of developments were started on site during the last year, along with progressing a number of potential future developments. The developments on site at year end 2025/26 were:

- 20 units on site at Port Ellen, Islay
- 6 units at Port Appin
- 10 units at Tobermory, Mull

One development was also completed during the 2025/26 year:

- 16 units on site at Port Charlotte, Islay

A number of other sites are in the process of being confirmed in our future association Development Programme, including the purchase of several future development sites. These sites enable the development risk to be reduced and for the association to be in better control of when developments will start on site in the future.

West Highland Futures Limited

West Highland Futures Limited is a wholly-owned subsidiary of the Association and operates biomass heating systems providing heat to the Association's tenants and at the Mull Progressive Care Centre to NHS Highland and Argyll and Bute Council. West Highland Futures Limited has a separate Board of Directors which meets regularly through the year to review performance, consisting currently of 2 independent and 2 association Board Members.

The Association has taken advantage of the exemption within section 400 of the Companies Act which allows the accounts for West Highland Futures Limited not to be consolidated within these financial statements, but they are consolidated within the financial statements of Link Group Limited.

Risk
As part of the Link Group, the Association shares their risk approach and utilises the Link Group Risk Management Framework. The Association has a full risk register which is reported on a quarterly basis to the Audit & Risk Committee, and on an annual basis to Board. The quarterly report to Audit & Risk Committee includes details of any changes to risk ratings, actions and controls that have taken place.

The Association has 29 risks on its corporate risk register and has identified the following as its highest key risks:

- Being unable to meet Social Housing Net Zero Targets – The Association are awaiting the Scottish Government announcement on the new proposed Social Housing Net Zero standard. In the meantime, the Association continues to upgrade housing stock to improve energy efficiency, whilst awaiting final details regarding the new Standard.
- Introduction of new systems (Housing Management System & Finance System) – in 2025/26 the Association identified the need to introduce a new Housing Management System, alongside moving over to the Link Group finance system. Both represent significant projects to undertake during 2026/27.
- Increased costs affecting the delivery of the business plan – whilst the Association is a financially sound and robust organisation, the Association recognises that there continues to be increased cost pressures on our future finances. The Association will continue to pay close attention to current and anticipated costs across the business.
- Not being able to provide a quality Grounds Maintenance service to tenants and factored owners – in late 2025/26 the Association identified that the grounds maintenance contract required to be retendered. The Association recognises that the current grounds maintenance service needs to improve and links directly to overall customer satisfaction.

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

The financial statements show total comprehensive income for the year of £653k (2025: £1,161k). This surplus was after taking account of a gain on the Association's pension liability of £112k (2025: gain of £11k).

Turnover increased in the year to £7,489k from £7,225k in 2025. The majority of the increase is in relation to rent and service charge increases.

The Association's core income from property rents increased by 6.4% to £5,277k from £4,961k, the majority of the increase reflecting the rent increase of 5.5%, which took effect in April 2025, together with additional rental income from recently completed properties.

Operating costs increased to £6,480k from £5,657k in 2025. This is due to an increase in Service costs and Planned and Cyclical Maintenance costs in line with budgeted planned works.

On the Statement of Financial Position, the Association's housing properties amount to £82,816k (2025: £79,589k). Investment in housing property during the year amounted to £5,898k (2025: £6,643k) which included both the development of new properties and the upgrade of existing properties.

Net current assets fell slightly from £2,746k in 2025 to £2,738k.

At 31 March 2026 the Association's capital and reserves stood at £15,198k (2025: £14,545k).

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

Financing and Liquidity

The Association manages its borrowings and cash investments in accordance with the Treasury Management Policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. During the year, the Association continued to utilise the Flagstone Charity Deposit Scheme to increase returns from investment.

The Association does not enter transactions of a speculative nature. At 31 March 2026 the Association had a mix of fixed (68%) and variable (32%) debt. The level of fixed loans was a higher % than when compared to 31 March 2025 (48%). This is due to taking a new fixed rate loan during the year. The association also reduced the overall number of lenders during the year.

Properties in Management

As of 31 March 2026, the Association had 863 properties including 12 under shared ownership. In addition, it managed 353 properties and 43 rent to buy properties on behalf of Link Group and provided a property factoring service to a further 218 properties.

Tenant Participation

In 2025, the Association launched a new Tenants Panel, to improve tenant involvement across the organisation and the panel have since met a number of times to discuss a range of subjects within its terms of reference. Alongside this, in 2025 a tenant was appointed to join the Association's Board of Management, further strengthening tenant involvement at Board level.

In early 2026, the Association launched a new Tenant Participation Strategy for 2026-29, with an associated action plan. As part of developing the new Strategy, tenants provided a range of feedback, including what their top tenant engagement priorities are for the next three years. The top three of which are:

- Affordable rent;
- Maintaining and upgrading homes and estates; and
- Opportunities to participate and feel heard

Staffing

Overall staffing levels have remained consistent throughout the year.

Following the resignation of the Director of Finance & Business Support in late 2024, an external recruitment exercise was undertaken, supported by consultants, to find prospective candidates to fulfil the role. Despite interested applicants, the Association was unable to appoint to the role. In conjunction with the Board, the CEO reviewed the staffing structure and created an interim staffing structure, including a new Interim Head of Finance role which was appointed to internally in May 2025. Following a successful probation period, this role was made permanent in December 2025.

Team West Highland whole staff team meetings continue to be held monthly and throughout the year quarterly staff satisfaction pulse surveys were sent out to all staff, to gather staff satisfaction feedback. The staff pulse survey results were shared with all staff at the Team West Highland meetings with 100% of staff responses stating they are satisfied with the Association as an employer.

Investors in People

During 2025, a twelve month review meeting was held with the Investors in People (IIP) assessor.

The IIP assessor noted that significant progress had been made in addressing the identified areas raised in the 2024 IIP review.

Performance

The Performance and Health & Safety Committee monitors performance in terms of operations, business services and asset management on behalf of the main Board. A range of financial ratios and indicators were produced on a quarterly basis for the Audit & Risk Committee. The performance information was used by both Committees to monitor how the organisation is performing and, more importantly, initiate corrective action in underperforming areas.

The Association reports to the Scottish Housing Regulator each year on performance that is required for the Annual Return on Charter (ARC). To ensure the Board has some external assurance regarding the data, an external validator is used. This provides some additional assurance for the Board but also provides the staff team with challenge around their understanding of ARC definitions and their collection of data.

This year the Association's overall performance has remained at similar high level to last year and generally compared favourably when benchmarked against other housing associations operating in the area. In particular, satisfaction with rent being value for money has increased, as has overall tenant satisfaction levels.

To draw on some specific areas:

- **Allocations**

In 2025/2026 there were 55 allocations, of which 7 were mutual exchanges.

- **Voids**

Our void performance has continued to be at an excellent level as compared to Scottish average.

- **Rents**

We know that the Association's rents are higher than other Argyll Registered Social Landlord (RSL's). There are several reasons for this to do with build date, type of stock and size of house and we know that our new build rents are set at a similar level to other RSL's. The Association has been utilising a rent tool developed by consultants which provides a deeper level of understanding of the issues around rent affordability and to also utilise the affordability information during Board discussions. Rent setting proposals are also run through the Association's 30-year financial plan as a modelling tool to ensure the Association's long term viability.

- **Compliance/Health & Safety**

The Association has continued to provide a Compliance Update Report on a quarterly basis to Performance and Health & Safety Committee. Performance in key compliance areas has continued to improve over the course of the year. Alongside this, an external Compliance audit was completed, providing a useful check on areas the Association can improve on further.

- **Maintenance**

The Association has taken a prudent approach in terms of its planned maintenance both in the short/medium term and over the 30 years of the Business Plan to ensure financial viability.

During 2025/26 the Association committed significant capital investment into new windows, heat pumps, solar PV and battery storage to 20 properties in Mull and Jura. Alongside this, a window replacement programme was undertaken across three schemes in Islay, for a total of 17 properties.

Focus has continued around damp, mould and condensation where both the reporting and monitoring of reports made by tenants is reported on a regular basis to both Board and the Performance & Health & Safety Committee. An internal audit report on damp, mould and condensation was also carried out across Link Group (including WHHA as a subsidiary company), providing a number of future actions to be undertaken across the group going forward.

The Association sets challenging key performance indicators annually, as we strive to continuously improve services and our performance compares well across the sector. Information on our Key Performance Indicators is given in the table below.

Key Performance Indicator	Achieved 2025/26	Target 2025/26	Achieved 2024/25
Financial Health			
Percentage of rent lost through properties being empty	0.20%	0.40%	0.22%
Gross rent arrears (all tenants) as a percentage of rent due	1.64%	4.00%	1.50%
Service Quality			
Average re-let time (calendar days)	14.31	13.00	12.92
Average length of time taken to complete emergency repairs (hours)	3.19	12.00	3.37
Average length of time taken to complete non-emergency repairs (working days)	11.18	13.00	10.86
Percentage of reactive repairs carried out in the last year complete right first time	98.10%	90.00%	73.58%
Percentage of tenants who have had repairs carried out in the last 12 months and are satisfied with the repairs service	83.33%	90.00%	84.90%
Percentage of Anti-Social Behaviour cases reported and resolved	50%	95%	69%
Percentage of tenants who feel the rent for their property represents good value for money	79.87%	80.00%	77.78%
Stock Quality			
Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	96.47%	96.20%	95.70%
Percentage of properties achieving EICR compliance	99.53%	100%	100%
Access to Housing and Support			
Percentage of new tenancies sustained for more than one year	93.15%	90.00%	82.46%

Results and dividends
The results for the year are set out on page 17.

Board Members
Board members who served throughout the year are as follows:

G Boyle	
L Houston	
J Degnan	
M Feinmann	(Resigned May 2025)
D Mackie	
D Sloss	
J Tolmie	
D Cargill	
Councillor D McFadzean	
P Barnes	
J McKie	
J Turner	(Appointed September 2025)
R Pfeifer	(Appointed September 2025)

Going Concern

The Board has reviewed the results for this year and has also reviewed the projections for the next five years and believes that there is a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Auditor
A resolution to re-appoint the Auditor, RSM UK Audit LLP, will be proposed at the Annual General Meeting.

Statement of disclosure to auditor
As far as the Board is aware, there is no relevant audit information of which the auditor is unaware and the Board has taken all the steps it ought to have taken to make itself aware of any relevant audit information and to ensure that the auditor is aware of any such information.

The members of the Board who held office at the date of approval of this report of the Board confirm that, so far as they are aware, there is no relevant audit information of which the Association's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

This report was approved by the board on 21 August 2026.

DocuSigned by:
[redacted]

L Houston
Board Member

Date: 21 August 2026

WEST HIGHLAND HOUSING ASSOCIATION

BOARD STATEMENT ON INTERNAL FINANCIAL CONTROLS

FOR THE YEAR ENDED 31 MARCH 2026

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

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

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

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

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

DocuSigned by:

[redacted]

L Houston
Board Member

Date: 21 August 2026

STATEMENT OF BOARDS RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD

FOR THE YEAR ENDED 31 MARCH 2026

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

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

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

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

This statement was approved by the Board on 21 August 2026.

WEST HIGHLAND HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- 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 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 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 Committee 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 Committee 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 Committee

As explained more fully in the Committee of Management's responsibilities statement set out on page 12, the Committee 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 Committee 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 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 Committee 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 frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- 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 Housing (Scotland) Act 2010, the Housing SORP 2018 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, 2014 and 2025, the Co-operative and Community Benefit Societies Act 2014, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Scottish Housing Regulator's regulatory framework and the Data Protection Act 2018. 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, including a search on publicly available registers for any indications of breaches.

The audit engagement team identified the risk of management override of controls as the area 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, and challenging judgements and estimates.

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.

[redacted]

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date 27/08/26

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

REPORT BY THE AUDITOR TO THE MEMBERS OF WEST HIGHLAND HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 11 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 Management Committee 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 11 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.

[redacted]

Date: 27/08/26

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

WEST HIGHLAND HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £'000	2025 £'000
Income	**3**	7,489	7,225
Operating expenditure		(6,480)	(5,657)
Operating surplus		1,009	1,568
Investment income		159	159
Finance costs		(667)	(608)
Other gains and losses		(1)	1
Gift aid from subsidiary		41	30
Surplus before taxation		541	1,150
Tax on surplus	**7**	-	-
Surplus for the financial year		541	1,150
Other comprehensive income			
Actuarial gain on defined benefit pension scheme		112	11
Total comprehensive income for the year		653	1,161

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

The notes on pages 22 to 46 form part of these financial statements.

WEST HIGHLAND HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

	Notes	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Non-current assets					
Housing properties	9		82,816		79,589
Other fixed assets	10		1,238		1,298
Investments			-		-
			84,054		80,887
Current assets					
Work in progress	11	755		1,181	
Stock	12	992		431	
Trade and other receivables	13	1,603		847	
Investments	14	-		1,599	
Cash and cash equivalents		3,215		2,240	
		6,565		6,298	
Current liabilities	15	(3,827)		(3,552)	
Net current assets			2,738		2,746
Total assets less current liabilities			86,792		83,633
Non-current liabilities					
Borrowings	16	(10,324)		(9,953)	
Deferred income	17	(61,128)		(58,894)	
			(71,452)		(68,847)
Provisions for liabilities					
Defined benefit pension liability	18	(142)		(241)	
			(142)		(241)
Net assets			15,198		14,545
Capital and reserves					
Share capital	19		-		-
Income and expenditure account			15,198		14,545
			15,198		14,545

The notes on pages 22 to 46 form part of these financial statements.

WEST HIGHLAND HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2026

The financial statements were approved by the board of directors and authorised for issue on 21 August 2026 and are signed on its behalf on 21 August 2026 by:

DocuSigned by:

[redacted]

L Houston
Board Member

Signed by:

[redacted]

J Tolmie
Board Member

Signed by:

[redacted]

B Sadler
Secretary

WEST HIGHLAND HOUSING ASSOCIATION

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2026

	Share capital £'000	Income and expenditure £'000	Total £'000
Balance at 1 April 2024	-	13,384	13,384
Year ended 31 March 2025:			
Surplus	-	1,150	1,150
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	11	11
Total comprehensive income	-	1,161	1,161
Balance at 31 March 2025	-	14,545	14,545
Year ended 31 March 2026:			
Surplus	-	541	541
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	112	112
Total comprehensive income	-	653	653
Balance at 31 March 2026	-	15,198	15,198

The notes on pages 22 to 46 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Cash flows from operating activities					
Cash generated from operations	**25**		2,111		2,154
Investing activities					
Acquisition and construction of properties		(5,898)		(6,634)	
Purchase of other fixed assets		(34)		(23)	
Proceeds from disposal of property, plant and equipment		-		950	
Social housing grants received		3,317		3,772	
Proceeds from disposal of investments		1,599		392	
Interest received		159		159	
Other income received from investments		41		30	
Net cash used in investing activities			(816)		(1,354)
Financing activities					
Proceeds from new bank loans		2,700		-	
Repayment of bank loans		(2,367)		(559)	
Interest paid		(653)		(595)	
Net cash used in financing activities			(320)		(1,154)
Net increase/(decrease) in cash and cash equivalents			975		(354)
Cash and cash equivalents at beginning of year			2,240		2,594
Cash and cash equivalents at end of year			3,215		2,240

The notes on pages 22 to 46 form part of these financial statements.

1 Accounting policies

Association information

West Highland Housing Association (the Association) is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1691R(S). The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102. The principal activities of the Association are detailed in the Report of the Board.

The registered office is Crannog Lane, Oban, Argyll, PA34 4HB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Statement of Recommended Practice for registered social housing providers 2018. .

The financial statements are prepared in sterling, which is the functional currency of the association. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The Association prepares annual budgets and five year financial projections together with other long term projections. Loan covenants are are tested against these projections to ensure short-term and long-term compliance. Additionally, a number of scenarios are undertaken to test the Association's sensitivity to movements. As a result of this work the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

1.3 Turnover

Turnover is recognised in the year to which it relates. Turnover represents income from lettings and property management, revenue grants and other income together with the amounts amortised on deferred government grants, which are released to income over the expected useful life of the assets to which they relate.

1.4 Social housing grants

Social Housing Grants and Other Capital Grants are accounted for using the accrual method as outlined in section 24 of FRS102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the structure of the property to which it relates.

Amortisation on social housing grants is credited in line with the depreciation charged on the structure of those assets, the policy in respect of housing assets, is not to charge depreciation in the year of capitalisation/ acquisition which was a change in accounting policy in the year to 31 March 2024.

Social Housing Grant received in respect of revenue expenditure is credited as income in the same period as the expenditure to which it relates.

1.5 Non-government grants

Non-government grants are accounted for using the performance method as outlined in section 24 of FRS 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

1 Accounting policies **(Continued)**

1.6 Non-Current Assets

Housing properties

Housing properties are properties for the provision of social housing or otherwise to provide social benefit and are principally properties available for rent. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

No depreciation is charged in the year of capitalisation/acquisition of all Housing assets and a full year of depreciation is charged in the year of disposal.

Properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight-line basis over their expected economic useful life. The following components and their useful lives have been reviewed and revised to ensure that they align with the Group and to better reflect the actual use of the assets:

Land	Not depreciated
Structure	65 years
Smoke detectors	10 years
Roof	65 years
Render	65 years
Heating	15 years
Hot water cylinder	30 years
External doors	30 years
Windows	30 years
Bathroom	30 years
Kitchen	15 years

Works to existing properties

Works to existing properties will generally be capitalised under the following circumstances:

- Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored, or material reduction in future maintenance costs, or

- Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

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

Other Non-current assets

Other non-current assets are stated at cost less accumulated depreciation and impairment. The other non-current assets, other than land, are written off at rates calculated to write off the cost of each asset less any grant received evenly over their expected useful economic lives as follows:

Land	Not depreciated
Office property	Over 50 years
Plant & equipment	5% straight line
Furniture & equipment	20% reducing balance
Motor vehicles	25% reducing balance

1 Accounting policies **(Continued)**

1.7 Impairment of non-current assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (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 non-current assets and their recoverable amounts, being the higher 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.

1.8 Stock and work in progress

Completed properties (stock) and property under construction for outright sale (WIP) are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. In respect of mixed tenure developments, the allocation of costs and the related grant is based on the amounts included in the original grant application.

Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

Shared equity transactions are grants received from the grant awarding body and passed onto an eligible beneficiary. The grant awarding body has a benefit of a fixed charge on the property. This entitles the grant awarding body to a share of the proceeds on the sale of the property by the beneficiary.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 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 to all of its financial instruments.

Financial instruments are recognised when the Association becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the association transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the association's contractual obligations expire or are discharged or cancelled.

1 Accounting policies (Continued)

1.11 Taxation

The association is exempt from corporation tax, it being an entity not carrying on a business for the purposes of making a profit.

Value added tax

The Association is VAT registered and is included within the Link VAT Group. As the major part of the Association's income is exempt, expenditure is shown inclusive of VAT.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The Association participates in the SHAPS Defined Contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

In respect of the defined benefit scheme, which is closed to new entrants, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Association's share of the scheme assets and liabilities has been separately identified and included in the Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The Association's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension scheme.

1.14 Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements. First tranche shared ownership disposals are credited to turnover on completion, 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 income and expenditure account, in accordance with the SORP.

Disposals under shared equity schemes are accounted for in the income and expenditure account.

1.15 Lease obligations

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying West Highland Housing Association's accounting policies.

2 Judgements and key sources of estimation uncertainty **(Continued)**

Key sources of estimation uncertainty
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:

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.

Useful lives of components
The Association estimates the useful lives of major components of its housing property with reference to experience within the housing association sector and to expected design life for components.

Useful lives of properties, plant and equipment
The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge for depreciation based on this.

Development cost of housing property
The Association assesses the value of the work in progress in respect of the development cost of shared equity properties for sale against the expected sale proceeds to establish whether any impairment charge is required.

Pension scheme liabilities
The SHAPS defined benefit pension scheme liability is valued in these financial statements by an independent actuary. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation and discount rates. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

Classification of commercial properties
The Association has reviewed the classification of its surplus office accommodation properties and concluded that these are correctly included within its property plant and equipment assets rather than as investment properties.

Allocation of management expenses
Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts. The allocation of management costs between rented and shared ownership properties has been calculated in proportion of the amount of rental income received.

3 Particulars of turnover, operating costs and operating surplus/(deficit)

	2026 Turnover £'000	2026 Operating costs £'000	2026 Operating surplus/ (deficit) £'000	2025 Operating surplus/ (deficit) £'000
Affordable letting activities (Note 3A)	6,612	(5,602)	1,010	1,561
Other activities (Note 3B)	877	(878)	(1)	7
Total 2026	7,489	(6,480)	1,009	1,568
Total 2025	7,225	(5,657)	1,568	

3 Particulars of turnover, operating costs and operating surplus/(deficit) **(Continued)**

3(a) Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities

	General Needs housing £'000	Shared ownership £'000	2026 Total £'000	2025 Total £'000
Revenue from rent and service charges				
Rent and service charges receivable	5,277	41	5,318	4,988
Gross income from rent and service charges	5,277	41	5,318	4,988
Less voids	(54)	-	(54)	(27)
Net income from rents and service charges	5,223	41	5,264	4,961
Revenue grants				
Grants released from deferred income	1,079	6	1,085	1,006
Revenue grants from Scottish Ministers	75	-	75	-
Other revenue grants	151	-	151	-
Other operating income	37	-	37	-
Total turnover from affordable letting activities	6,565	47	6,612	5,967
Expenditure				
Management and maintenance administration costs	(1,675)	(24)	(1,699)	(1,410)
Service costs	(200)	-	(200)	(109)
Planned and cyclical maintenance including major repair costs	(813)	-	(813)	(377)
Reactive maintenance costs	(821)	-	(821)	(855)
Bad debts – rents and service charges	(64)	-	(64)	(20)
Depreciation of affordable let properties	(1,934)	(7)	(1,941)	(1,760)
Gain/(loss) on disposal of components	(64)	-	(64)	(35)
Gain/(loss) on disposal of housing properties	-	-	-	160
Operating costs for affordable letting activities	(5,571)	(31)	(5,602)	(4,406)
Operating surplus / (deficit) for affordable letting activities 2026	994	16	1,010	1,561
Operating surplus / (deficit) for affordable letting activities 2025	1,431	130	1,561	

3 Particulars of turnover, operating costs and operating surplus/(deficit) (Continued)

3(b) Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

	Grants From Scottish Ministers 2026 £'000	Other Revenue Grants 2026 £'000	Supporting People Income 2026 £'000	Other Income 2026 £'000	Total Turnover 2026 £'000	Other operating Costs 2026 £'000	Operating Surplus/ (Deficit) 2026 £'000	Operating Surplus/ (Deficit) 2025 £'000
Wider role activities	-	-	-	-	-	(12)	(12)	(8)
Factoring	-	-	-	10	10	(1)	9	9
Contracted out services undertaken for other RSLs	-	-	-	230	230	(227)	3	-
Contracted out services undertaken for other organisations	-	-	-	15	15	(14)	1	-
Development and improvements for sale to non-RSLs	57	-	-	266	323	(321)	2	-
Energy supply and RHI grant	-	181	-	88	269	(269)	-	-
Other activities	-	-	-	30	30	(34)	(4)	6
Total from other activities in the year	57	181	-	639	877	(878)	(1)	7
Total from other activities in the prior year	43	149	-	1,066	1,258	(1,251)	7	

4 Auditor's remuneration

Fees payable to the company's auditor and associates:	2026 £'000	2025 £'000
For audit services		
Audit of the financial statements of the company	18	18

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2026 Number	2025 Number
Average number of employees	33	32
Average full time equivalent	31	30

Their aggregate remuneration comprised:

	2026 £'000	2025 £'000
Wages and salaries	1,175	1,097
Social security costs	158	116
Pension costs	94	76
	1,427	1,289

6 Key management personnel

Key management personnel, during the year, are defined as:

Chief Executive	Brett Sadler
Director of Housing and Asset Management	John MacDonald

In the prior year there were changes in personnel which resulted in a reduction in the amounts included within the disclosures for 2025. The amounts included for 2026 are more in line with a normal full year with both key management personnel in post for a full year.

Aggregate emoluments payable to employees with emoluments greater than £60,000 (excluding pension contributions) were:

	2026 £'000	2025 £'000
Emoluments (excluding pension contributions)	163	87
Total emoluments	177	94

The number of key management personnel whose emoluments exceed £60,000 (excluding pension) are shown within the following bands:

	2026 £'000	2025 £'000
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-

Emoluments payable to Chief Executive	**2026 £'000**	**2025 £'000**
Emoluments (excluding pension contributions)	90	87
Employer pension contributions	8	7
	98	94

7 Taxation

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Association is potentially exempt from taxation in respect of income and capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

8 Housing stock

	2026	**2025**
	No:	No:
Property for rent	851	839
Shared ownership	12	12
Property for rent managed for Link Group	310	310
Rent to buy*	43	43
Total Units	1,216	1,204

* the rent to buy properties are managed by the Association on behalf of Link Group Limited.

9 Non-current assets - Housing properties

	Properties held for lettings	Properties under construction	Shared ownership	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 April 2025	101,943	8,683	522	111,148
Additions	1,435	4,463	-	5,898
Disposals	(282)	(99)	-	(381)
Transfers	2,464	(3,030)	-	(566)
At 31 March 2026	105,560	10,017	522	116,099
Depreciation and impairment				
At 1 April 2025	31,276	-	283	31,559
Depreciation charged in the year	1,934	-	7	1,941
Eliminated in respect of disposals	(217)	-	-	(217)
At 31 March 2026	32,993	-	290	33,283
Carrying amount				
At 31 March 2026	72,567	10,017	232	82,816
At 31 March 2025	70,667	8,683	239	79,589

9 Non-current assets - Housing properties **(Continued)**

Total works expenditure on existing housing properties amounted to £3,002k (2025: £2,748k) of which £1,186k (2025: £1,255k) was capitalised in respect of housing components and £249k (2025: £221k) in respect of improvements. The remaining £1,567k (2025: £1,272k) was included as expenditure through the Statement of Comprehensive Income.

There were no amounts capitalised during the year in respect of interest (2025: nil).

The Association's lenders have standard securities over housing property with a net book value of £55,323k (£47,002k).

The cost of land within housing property was £8,255k (2025: £8,065k).

All land and buildings included within the above are wholly owned by the Association.

10 Non-current assets - Other

	Office property	Plant & office equipment	Motor vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 April 2025	695	1,679	9	2,383
Additions	-	34	-	34
Disposals	-	(7)	-	(7)
At 31 March 2026	695	1,706	9	2,410
Depreciation and impairment				
At 1 April 2025	262	814	9	1,085
Depreciation charged in the year	12	75	-	87
At 31 March 2026	274	889	9	1,172
Carrying amount				
At 31 March 2026	421	817	-	1,238
At 31 March 2025	433	865	-	1,298

11 Work in progress

	2026	2025
	£'000	**£'000**
At 1 April 2025	1,181	1,679
Expenditure transferred from assets under construction	566	874
Cost of sales transferred to expenditure	-	(941)
Transfers to stock	(992)	(431)
At 31 March 2026	755	1,181

12 Stock

	2026	2025
	£'000	**£'000**
At 1 April 2025	431	-
Transfers from work in progress	992	431
Transfer to cost of sales	(431)	-
At 31 March 2026	992	431

13 Trade and other receivables

	2026	2025
Amounts falling due within one year:	**£'000**	**£'000**
Arrears of rent and service charges	140	140
Less: provision for bad and doubtful debts	(82)	(73)
Net rental debtors	58	67
Prepayments and accrued income	186	77
Amounts owed by group undertakings	45	119
Other receivables	1,314	584
	1,603	847

14 Current asset investments

	2026	2025
	£'000	**£'000**
Short term deposits	-	1,599

15 Current liabilities

		2026	2025
	Notes	**£'000**	**£'000**
Housing loans	**16**	537	575
Shared equity grant payable		1,047	974
Rent and service charges in advance		107	100
Trade payables		175	591
Amounts owed to group undertakings		119	39
Taxation and social security		31	24
Other payables		680	845
Accruals and deferred income		1,131	404
		3,827	3,552

16 Borrowings

	2026 £'000	2025 £'000
Bank loans	10,861	10,528
Payable within one year	537	575
Payable after one year	10,324	9,953

Analysis of housing loans	**2026** **£'000**	**2025** **£'000**
Fixed rate		
Advanced by banks	6,799	4,351
Advanced by building societies	-	-
Advanced by other institutions	711	744
Variable rate		
Advanced by banks	3,351	4,413
Advanced by building societies	-	1,020
	10,861	10,528

Interest on the loans was charged at rates between 2.9% and 5.8% (2025: between 2.9% and 6.4%).

	2026 £'000	2025 £'000
Analysis of maturity of debt amounts repayable:		
In one year or less, or on demand	537	575
Between one and two years	557	567
Between two and five years	1,802	1,725
	2,896	2,867
In five or more years	7,965	7,661
	10,861	10,528

17 Deferred income

	2026 £'000	2025 £'000
Social housing grants		
At 1 April 2025	56,977	54,177
Additions in the year	2,726	3,772
Released/repaid as a result of property disposals	-	(26)
Amortised in the year	(999)	(946)
At 31 March 2026	58,704	56,977

Other grants	2026 £'000	2025 £'000
At 1 April 2025	1,917	1,983
Additions in the year	593	-
Amortised in the year	(86)	(66)
At 31 March 2026	2,424	1,917
Total deferred income	61,128	58,894

This is expected to release to the Statement of comprehensive income as follows:

	2026	2025
Due in less than one year	1,113	1,085
Due in 2 - 4 years	3,339	3,255
Due in 5+ years	56,676	54,554
	61,128	58,894

18 Retirement benefit schemes

Defined contribution schemes	2026 £'000	2025 £'000
Charge to profit or loss in respect of defined contribution schemes	94	74

The Association offers all staff membership of the SHAPS Defined Contribution Scheme, with employer contribution rates of up to 8% of pensionable salaries.

As at the year-end, there were 32 active members (2025: 29) of the Defined Contribution Scheme employed by the Association. As at the year-end there were outstanding contributions of £16k (2025: £12k) which were payable to the fund and are included in creditors.

18 Retirement benefit schemes **(Continued)**

Defined benefit schemes

West Highland Housing Association 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.

Valuation

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

A full actuarial valuation for the scheme was carried out at 30 September 2024. This actuarial valuation showed assets of £680m, liabilities of £759m and a deficit of £79m. As a result of the 2024 valuation, the Trustee has indicated that additional contributions to the Scheme for participating employers will be re-introduced from 1st April 2026 until 31st March 2030. Employers in total will pay £15.6m per year, increasing by 3% on 1st April each year.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

For the year ended 31 March 2026, sufficient information is available for the Association in respect of the Scheme to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2024 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2026 by a qualified independent actuary.

Funding policy

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.

	2026	2025
Key assumptions	%	%
Discount rate	6.14	5.50
Inflation (RPI)	3.29	3.20
Inflation (CPI)	3.03	2.80
Salary growth	4.03	3.10
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

18 Retirement benefit schemes **(Continued)**

Mortality assumptions	**2026**	**2025**
Assumed life expectations on retirement at age 65:	**Years**	**Years**
Retiring today		
- Males	20.7	20.2
- Females	22.9	22.7
Retiring in 20 years		
- Males	21.9	21.5
- Females	24.4	24.2

Amounts recognised in the income statement	**2026**	**2025**
Costs/(income):	**£'000**	**£'000**
Net interest on net defined benefit liability/(asset)	13	12
Other costs and income	2	2
Total costs	15	14

Amounts recognised in other comprehensive income	**2026**	**2025**
Costs/(income):	**£'000**	**£'000**
Actual return on scheme assets	(54)	78
Less: calculated interest element	66	63
Return on scheme assets excluding interest income	12	141
Actuarial changes related to obligations	(124)	(152)
Total costs/(income)	(112)	(11)

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2026	**2025**
Liabilities/(assets):	**£'000**	**£'000**
Present value of defined benefit obligations	(1,376)	(1,462)
Fair value of plan assets	1,234	1,221
Deficit in scheme	(142)	(241)

18 Retirement benefit schemes **(Continued)**

Movements in the present value of defined benefit obligations	**2026** **£'000**
Liabilities at 1 April 2025	1,462
Benefits paid	(43)
Actuarial gains and losses	(124)
Interest cost	79
Other	2
At 31 March 2026	1,376

Movements in the fair value of plan assets	**2026** **£'000**
Fair value of assets at 1 April 2025	1,221
Interest income	66
Return on plan assets (excluding amounts included in net interest)	(12)
Benefits paid	(43)
Contributions by the employer	2
At 31 March 2026	1,234

The actual return on plan assets was £54,000 (2025 - £78,000).

Fair value of plan assets	**2026** **£'000**	**2025** **£'000**
Equity instruments	163	141
Liquid alternatives	236	225
Insurance linked securities	2	5
Property	64	60
Private equity	3	1
Real assets	123	146
Private credit	159	152
Credit	56	52
Investment grade credit	52	56
Cash	-	7
Secured income	17	28
Liability driven investments	341	344
Currency hedging	-	2
Net current assets	18	2
	1,234	1,221

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

19 Share capital

Shares of £1 fully paid and issued	2026 Number	2025 Number
As at 1 April	64	60
Issued in year	1	4
Cancelled in year	(7)	-
As at 31 March	58	64

The company is limited by guarantee and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

20 Operating lease commitments

At the reporting end date the Association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2026 £'000	2025 £'000
Within one year	-	4
Between two and five years	63	6
	63	10

During the year £29k (2025: £2k) was recognised as an expense in relation to operating lease agreements.

Lessor

The Association leases surplus office space. Future minimum rentals receivable under these leases are as follows:

	2026 £'000	2025 £'000
Within one year	10	12
Between two and five years	8	16
In over five years	4	6
	22	34

During the year £16k (2025: £16k) was recognised as income in relation to operating lessee agreements.

21 Financial commitments, guarantees and contingent liabilities

Defined Benefit Pensions

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

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

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

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

22 Capital commitments

As at the year end the Association had capital commitments in respect of amounts contracted for but not
provided for in these financial statements as follows:

	2026 £'000	2025 £'000
Acquisition of property, plant and equipment	4,152	3,353

This expenditure will be funded by Social Housing Grant, by loans secured on the Association's developments and from accumulated reserves.

23 Related party transactions

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Board are summarised as set out below.

Board members cannot use their position to their advantage and any transactions between the Association and any entity with which a Board member has a connection is made at arm's length and under normal commercial terms.

As at 31 March 2026 one (2025: nil) member of the Board was a tenant of a Link Group Limited owned property which benefits from management services performed by West Highland Housing Association. The tenancy of this Board member who was a tenant during the year was on normal commercial terms and they cannot use their position to their advantage. The rental income the association received during the year was £3,611 (2025: nil) and at the year end, there were no arrears (2025: nil).

During the year seven board members (2025: one) were reimbursed £3,124 (2025: £982) for travel expenses incurred.

Dougie McFadzean, a Board member of the Association is a councillor with Argyll and Bute Council. Any transactions with Argyll and Bute Council are carried out at arm's length, on normal commercial terms and none of the above councillors can use their position to their advantage. Councillors who are members of the Board declare their interests relating to relevant decisions taken by the Association

As a wholly owned subsidiary of Link Group Limited the Association is exempt from the requirements of FRS 102 to disclose details of transactions with other members of the group headed by Link Group Limited, Link House, 2C New Mart Road, Edinburgh, EH14 1RL.

24 Ultimate controlling party

The Association's parent undertaking as at 31 March 2026 was Link Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, registered with the Financial Conduct Authority, registration number 1481RS. Link Group Limited exercises control through its ability to control the majority of the membership of the Board.

The accounts of West Highland Housing Association are consolidated within the consolidated accounts of Link Group Limited. The registered office of Link Group Limited and the address from which the consolidated accounts can be obtained from is 2C New Mart Road, Edinburgh, EH14 1RL.

25 Cash generated from operations

	2026 £'000	2025 £'000
Surplus for the year after tax	541	1,150
Adjustments for:		
Finance costs	667	608
Investment income	(159)	(159)
Loss/(gain) on disposal of property, plant and equipment	737	(55)
Depreciation and impairment of property, plant and equipment	2,028	1,852
Amortisation of capital grants	(1,085)	(1,012)
Other gains and losses	(40)	(30)
Movements in working capital:		
(Increase)/decrease in inventories	(135)	67
(Increase)/decrease in trade and other receivables	(756)	170
Increase/(decrease) in trade and other payables	313	(437)
Cash generated from operations	2,111	2,154

26 Analysis of changes in net debt

	1 April 2025 £'000	Cash flows £'000	31 March 2026 £'000
Cash at bank and in hand	2,240	975	3,215
Borrowings excluding overdrafts	(10,528)	(333)	(10,861)
	(8,288)	642	(7,646)