



hebridean housing
partnership

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2026



A Registered Society under the Co-operative & Community
Benefit Societies Act 2014 No: 2644R (S)
Registered Charity No: SC035767
Scottish Housing Regulator registration: No 359
Property Factor Act: No PF000183

TABLE OF CONTENTS

CORPORATE INFORMATION	2
Board of Management, Directors & Advisors	2
Overview of Business	3
Core Value	4
Regulation	5
Governance & Management	5
Internal Financial Control	7
Board Statement on Internal Financial Control	9
OPERATING & FINANCIAL REVIEW	13
Summary of Performance Indicators	14
Housing Services	15
Tenant Engagement	15
Planned & Cyclical Maintenance	16
Investment	17
Development	18
Political & Charitable Donations	19
Key Risks Impacting On The Future	19
Fuel Poverty & EESSH	20
Financial Review	21
Auditors	22
Independent Auditors Report	23
Report by the Auditors to the Members of Hebridean Housing Partnership Ltd on Corporate Governance Matters	28
FINANCIAL STATEMENTS	29
Statement of Comprehensive Income as at 31 March 2026	30
Statement of Changes in Reserves as at 31 March 2026	31
Statement of Financial Position as at 31 March 2026	32
Statement of Cash Flows for the Year Ended 31 March 2026	33
Notes to the Statement of Cash Flows for the Year Ended 31 March 2026	34
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026	35

CORPORATE INFORMATION

Board of Management, Directors & Advisors

Name	Category	Changes during the year	
		Appointed	Resigned
Calum Mackay	Community	31 August 2022	
Gordon Macleod	Community	31 August 2022	2 September 2025
Fiona Macleod	Community	1 March 2024	17 November 2025
Valerie Russell	Community	19 November 2024	
Colin Gilmour	Community	25 March 2025	
Helen Mackenzie	Board Appointed	28 June 2023 (reappointed)	26 May 2026
	Community	26 May 2026	
Iain Mackinnon	Co-opted	26 May 2026	
Alison MacCorquodale	Board Appointed	21 May 2024 (reappointed)	
Iain M Macleod	Councillor	25 May 2022	
Norman Macdonald	Councillor	4 January 2024	
Duncan Macinnes	Councillor	21 October 2024	
Gary Lamont	Tenant	28 August 2024	2 September 2025
Christina MacNeil	Tenant	3 September 2025	

Secretary and Registered Office

Dena Macleod BA CA
Creed Court
Gleann Seileach Business Park
Willowglen Road
Stornoway
Isle of Lewis
HS1 2QP

Funders

Royal Bank Of Scotland plc
4th Floor
110 Queen Street
Glasgow
G1 3BX

External Auditors

CT Audit Limited
Chartered
Accountants &
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Royal Bank of Scotland plc
17 North Beach Street
Stornoway
Isle of Lewis
HS1 2XH

Directors

Chief Executive: Dena Macleod BA CA
Director of Operations:
John Maciver BSc MPHIL, FCIH
Director of Finance & Corporate
Services: Donald Macleod BAcc, FCCA

Solicitors

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

Overview of Business

Our principal activity is to provide and manage good quality, affordable accommodation for people in housing need in the Outer Hebrides. We are a charitable Registered Social Landlord and we own and manage a range of houses for rent, primarily general needs accommodation but also some supported accommodation. We provide accommodation for homeless people who are referred by Comhairle Nan Eilean Siar (CNES) as statutory homeless and requiring permanent secure accommodation.



Our vision is to provide great homes and deliver excellent services throughout the Outer Hebrides. We are currently in a strong financial position to manage identified risks but recognise how quickly those risks can change. Our local supply chain is vital to the economic wellbeing of many families in the Outer Hebrides and we are committed to our investment and development programmes.

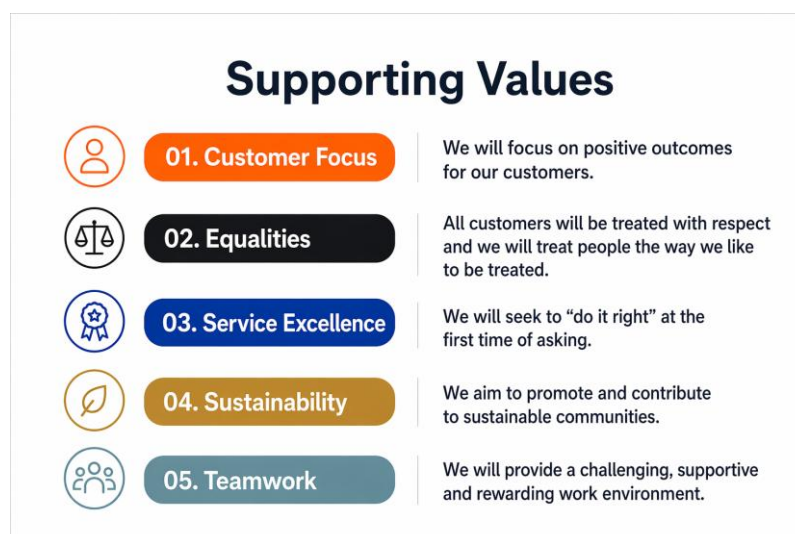
The Board is responsible for the overall strategic direction and objectives of HHP. Our Business Plan which covers 2024/25 to 2028/29 is guided by the four Strategic goals outlined below:



Core Value

Our core value is Integrity – “We will be honest, fair, dependable and trustworthy in all our working relationships. We will do the right thing no matter who is watching”.

The core value is supported by the following five values:



Regulation

HHP, because of its 'systemic importance' in the Outer Hebrides is categorised as 'medium engagement' by the Scottish Housing Regulator in our most recent Regulation Plan. It is important that the Regulator has assurance that the organisation is well managed and delivers value for money.

Regular meetings take place with the Regulator to review the risks and challenges facing the business and monitor progress against the Business Plan. 30 year and 5 year financial projections are submitted to the Regulator annually.

The Regulator has expressed satisfaction with HHP's progress for 2025/26 confirming we comply with regulatory requirements, including the Standard of Governance and Financial Management

Governance & Management

HHP is governed by a set of Rules appropriate for a Registered Social Landlord. The Partnership is governed by a voluntary Board of Management (Board), which is supported by a Chief Executive, Executive Team and staff. A full list of Board Members is at Page 2.

All Board Members and staff are required to comply with our Standing Orders, Policies, Code of Conduct and Financial Regulations.

The Governance structure is shown in Figure 1.

Figure 1 Board of Management



Our Standing Orders allow for three Standing Committees and two Working Groups. These Standing Orders also allow Working Groups to be set up as required for specific tasks.



The Board comprises up to 15 members - 4 Tenant members, 4 Community representatives (or more should there be insufficient nominations for the Tenant category), up to 2 Board Appointed Members, up to 2 Co-opted Members and 3 CNES nominees. The Board may appoint a Board Member whom they consider will enhance the skills, knowledge, diversity and/or objectivity of the Board and its decision-making. There are currently 10 Board members.

HHP's Rules require that one Community and one Tenant member step down each year. There will be elections for the vacant positions at the Annual General Meeting in August 2026.

Tenant and Community members hold one fully paid £1 share.

The Board has delegated responsibility to the following Standing Committees:

Audit & Risk

To ensure that the activities of the Board are within the law and the regulations which govern the Board, and that an effective internal control system is maintained.

Development and Finance Committee

To ensure that Financial and Development matters are examined in detail and in accordance with policy and to enable swift responses where time is of the essence.

Joint Consultative Committee

To establish workable and effective arrangements for good industrial relations, for the avoidance of any misunderstanding and for the promotion of joint participation in all matters of common interest and concern on a genuine consultative and negotiating basis at Organisation level.

Internal Financial Control

The Board is responsible for establishing and maintaining systems of internal financial control within the organisation. By their nature these systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The internal control framework is supported by organisational control measures including, financial and business planning, performance monitoring and reporting, project management and communication systems. The internal control framework also relies on formal governance measures including a structure of corporate policies, authorities and responsibilities delegated from the Board to the Executive Team.

Audit & Risk Committee

The Audit & Risk Committee consists of six members. Meetings are normally held four times a year to review and approve annual internal and external audit plans, reports and the action taken on issues raised by audit. In addition, the Audit & Risk Committee reviews the corporate risk management arrangements including the Risk Register.

Health & Safety

The Board places a high priority on the Health and Safety of tenants, staff and contractors. A Health and Safety group chaired by the Director of Operations meets

regularly with a remit to ensure the Health and Safety requirements are being met. Our Health & Safety policies and procedures are regularly reviewed.

System of Internal Control

The key elements of the system of internal control are as follows:

- Regular meetings of the Board, which has a schedule of matters specifically reserved for its approval and which are the subject of regular standard reports as required;
- Appointment of Internal Auditors who work to the standards of the Institute of Internal Auditors and produce an annual internal audit plan and regular internal audit reports;
- The regular review by the Audit & Risk Committee of reports prepared by Internal Auditors;
- A Business Plan with a detailed annual budget, regularly revised forecasts, a comparison of actual with budget and key performance indicators all of which are reviewed by the Board.

Identification of Business Risk

Risk management lies with the Board supported by the Executive Team. Key risks have been identified as part of the business planning process and scored to reflect the likelihood of this occurring. Mitigation strategies are put in place to minimise the impact of identified risk on the organisation.

Corporate Risk

The Risk Register, which is updated and reviewed at each Audit & Risk Committee, is organisation wide and shows each risk, the significance of the risk and the probability of these risks occurring. The Register also details the impact of the risks should they occur and who will have responsibility for devising and implementing suitable controls and mitigating actions.

Corporate Governance

The Board meets six times a year to focus on performance, financial monitoring, and strategic direction along with the regular review of policies.

Management Information Systems

Management Information Systems provide timely monthly information on key aspects of the business. Management accounts comparing actual results against budget are presented to the Board along with performance against key financial and non-financial indicators.

Internal Audit

On 1 October 2023, the Board appointed WBG as their Internal Auditors. The Internal Auditors report directly to the Audit & Risk Committee.

Our External Auditors have placed reliance on the work carried out by the Internal Auditors on the accounting systems.

Investment Appraisal

The Financial Regulations provide the framework and procedures for investment appraisal. Expenditure beyond certain levels requires to be approved by the Board. A Fixed Asset Register is in place which details all the assets owned by the Partnership.

Investment

On 1 June 2010 HHP Community Housing Limited was formed as a non-charitable subsidiary of the Partnership. On 4 September 2025 the subsidiary name was changed to Dachaigh Property Solutions Limited. During 2025/26 there was no trading activity.

Board Statement on Internal Financial Control

The Board acknowledges its ultimate responsibility for ensuring that the Partnership 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 Partnership, or for publication;
- maintenance of proper accounting records;
- safeguarding of assets against unauthorised use or disposal;
- The proper authorisation and recording of transactions.

It is the Board's responsibility to establish and maintain the 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 Partnership's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and any delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Partnership's assets;
- experienced and suitably qualified staff take responsibility for important business functions and a structured annual appraisal process is in place to uphold and enhance performance standards;
- forecasts and budgets are prepared which allow the Heads of Service and the Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly financial management reports are prepared, 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 Audit & Risk Committee/Board received reports from management and from 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 Partnership is undertaken;
- 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 Partnership for the year ended 31 March 2026. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or

uncertainties which require disclosure in the Financial Statements or in the auditor's report on the Financial Statements.

Statement of Board Responsibilities

The Board is responsible for preparing the Board's Report and the Financial Statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare Financial Statements for each financial year. Under those regulations the Board have elected to prepare the Financial Statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the surplus or deficit for that period.

In preparing these Financial Statements, the Board is required to:

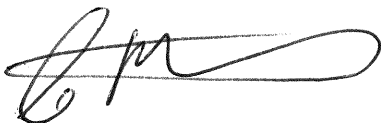
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained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

The Board is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure the Financial Statements comply with the Co-operative & Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the Board ensures the Partnership's suppliers are paid promptly.

Statement of Disclosure to Auditors

In so far as the Board are aware:

- There is no relevant audit information (information needed by the Partnership's auditors in connection with preparing their report) of which the Partnership's auditors are unaware, and
- The Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.



On behalf of the Board

Calum Mackay

Chair

OPERATING & FINANCIAL REVIEW



Summary of Performance Indicators

DETAIL	Variance	ARC 2025/26	ARC 2024/25	ARC 2023/24
Emergency repairs completed	2.84%	942	916	1,213
Average length of time to complete emergency repairs	7.62%	2.26 hours	2.10 hours	2.17 hours
Non-emergency repairs completed	11.97%	4510	4028	4,620
Average length of time to complete non-emergency repairs	2.7%	2.29 days	2.23 days	3.15 days
Reactive repairs completed right first time	2.76%	96.16%	93.4%	91.41%
Total arrears	0.97%	£358,383	£354,953	£327,153
Former tenant arrears	-11.8%	£125,028	£141,751	£125,898
Average time to relet properties	-27.63%	22.24 days	30.73 days	33.04 days
Number of calendar days homes were empty	-25.56%	3958	5317	6,906
Amount of rent lost due to properties being empty	0.89%	£59,836	£59,307	£85,191
Total number of lets excluding exchanges	-0.47%	214	215	216
Anti-social behaviour cases	-33.33%	10	15	14
Abandoned properties	-50%	4	8	7
Total self-contained stock	1.53%	2453	2,416	2,376
Stock meeting SHQS	0.75%	92.54%	91.85%	88.26%
Rent increase	2.27%	4.5%	4.4%	5.1%
Staff turnover	-3.4%	7%	10.4%	9%

- Average time to relet properties has decreased by 27.63%
- Number of calendar days properties were empty decreased by 25.56%
- Although the value of rent loss through voids has increased slightly the percentage has decreased and is the lowest % recorded for this indicator since the introduction of the Charter.

Housing Services

Arrears have remained stable following the completion of the migration from legacy benefits to Universal Credit. There are currently over 700 accounts receiving a UC direct housing payment, with less than 300 tenants still in receipt of Housing Benefit. Housing Officers work closely with Job Centre Plus and maintain ongoing liaison with the Housing Benefit team at CNES. Bedroom Tax continues to be mitigated through Discretionary Housing Payments from CNES.

The average re-let time for a property is now 22.24 days, an improvement on the previous year's figure of 25.31 days.

Tenant Engagement



Tenant Engagement Officer, Laura along with members of the Manor & Castle Residents Group and Stornoway North Development staff

Our Tenant Engagement Officer (TEO) supports our Registered Tenants' Organisations. The TEO attends residents' groups and community associations to allow us to engage

with tenants in a way they find suitable. Groups can also apply for a Community Grant to fund projects that will improve the neighbourhoods which we serve.

We set up a structured but informal Tenant Board Panel in 2025. Our Tenant Panel is a structured but informal advisory panel that meets to deal with tenant related matters which require insight and output from tenants ahead of taking a policy or strategy to the Board for consideration.

Throughout the year we provide Tenant Drop Ins in various areas, giving tenants the opportunity to have an informal chat with their Housing Officer and the Tenant Engagement Officer. We also attend regular events with external agencies to support tenants and help them access appropriate services.



Planned & Cyclical Maintenance

Our Planned Maintenance Programme aims to protect the structure of tenant's homes and to maintain the wider environment.

Our Cyclical Maintenance programmes ensure the safety of tenants and compliance with our legal and regulatory requirements. The following works were carried out during the year:

1. 100% Gas safety compliance
2. Air source heating systems were serviced with bath anti-scald valves checked at the same time
3. Oil heating systems were serviced
4. Fire alarms, stair lighting, and door entry systems were serviced
5. Tenant stair-lifts were serviced
6. 5-yearly Electrical inspection condition reports were carried out to 327 houses
7. A sample of properties had their water systems tested for legionella
8. Asbestos was checked where in place and
9. Flatted common areas were inspected for fire safety

Investment

£5.07M was invested in tenants' homes during the year delivering the following improvements:



Addressing the challenge of fuel poverty is a key priority and this is demonstrated by our approach to Net Zero targets. 99% of our non-gas homes have zero direct emission heating systems.

We are grateful to the Scottish Government for once again granting funding through the Social Housing Net Zero Heat Fund, enabling us to deliver 120 air source heat pump installations across all islands this year.



Development

The cost of developing continues to rise with wider global issues having a major impact on the supply chain. However, we are making progress towards the delivery of new homes through strong partnership working with Scottish Government and our local contractors.



We drew down £1.52M of funding from the Scottish Government Affordable Housing Supply Programme to support the completion of 37 homes as shown:

Scheme	Area	Type	Units
Lèana an t-Sruith, Leverburgh	Harris	Rent	12
An Allt Dubh, Stornoway	Stornoway	Rent	25
Total Handover to 31 March 2026			37



**20 Homes Under Construction
at 31st March 2026.**

Political & Charitable Donations

- a) There were no political donations made by HHP during the financial year.
- b) A total of £5,000 was donated during the year to the following local charities:

£1,000	Tagsa Uibhist
£1,000	CRY (Andrew Macleod Memorial Fund)
£1,000	Crossroads Lewis & Harris
£1,000	Western Isles Association for Mental Health
£1,000	Volunteer Centre Western Isles

Key Risks Impacting On The Future

Any risk, which materially jeopardises the Partnership's ability to achieve our vision and goals or conduct our business is not accepted. HHP's risk appetite is assessed as part of the annual business planning process.



We identify and score potential risks annually that could prevent us from achieving our Strategic Goals. We then set a target risk and put mitigation measures in place, including insurance or controls, to bring the score within the target. If these measures

don't reduce the risk enough, we agree on further actions for the year or adjust the target risk.

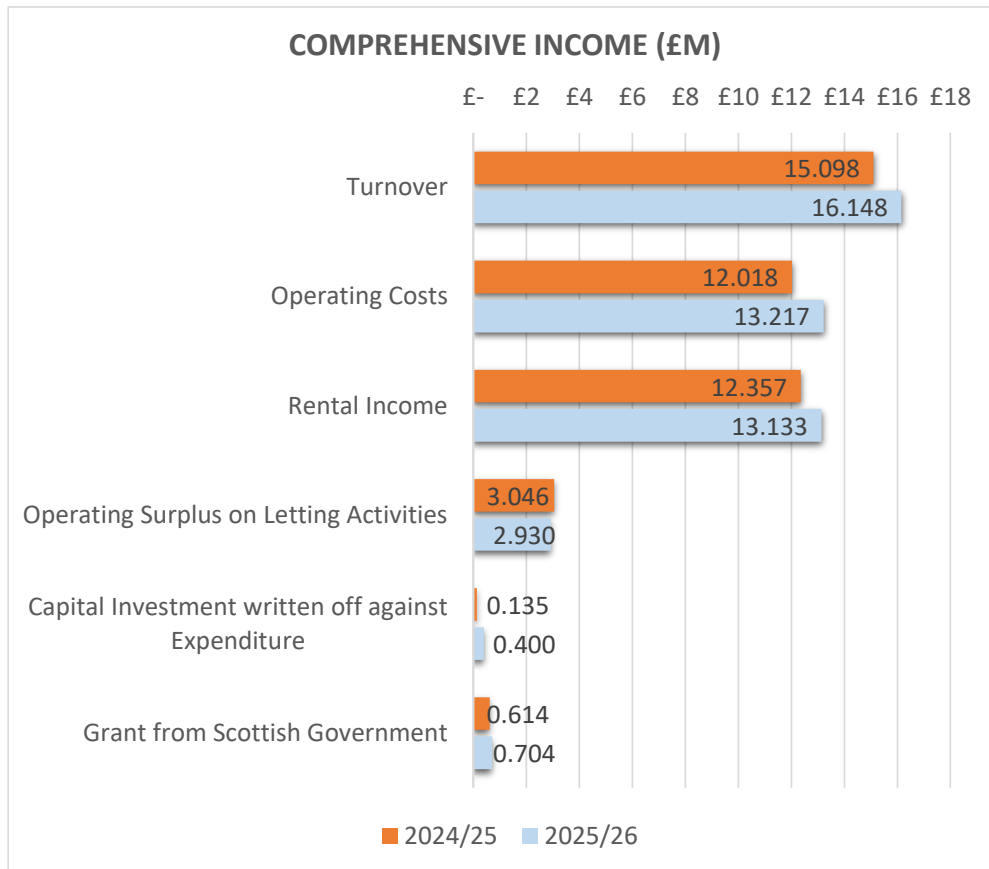
Partnership working is critical if we are to address the demographic challenges which are a concern for the future of our islands and is fundamental to the demand and need for housing. We seek to encourage and develop this debate and promote action to address it.

Fuel Poverty & EESSH

Levels of fuel poverty in the Outer Hebrides are amongst the highest in the UK and are exacerbated with the high costs of energy. We are investing heavily in tenants' homes to meet the anticipated new Net Zero targets for social housing. We have replaced our solid fuel heating systems (except for refusals) with Air Source Heat Pumps and are making excellent progress on replacing older storage heating systems.

We work with agencies such as Citizens Advice Bureau (CAB) and Tighean Innse Gall (TIG) to source financial support to tenants and have been successful with funding applications to Comhairle Nan Eilean Siar via the Islands Cost Crisis Emergency Fund and Housing Associations Charitable Trust (HACT) for fuel vouchers.

Financial Review



Financial Position

HHP's Financial Position is shown on Page 32. The key factors affecting the Statement of Financial Position are:

- a) The value of housing properties under construction has reduced as we near completion of the developments at An Allt Dubh and Rathan Na Ceardaich. £4.66M was invested replacing components in our homes.
- b) The addition of 37 new homes for rent funded largely from Affordable Housing Supply Programme (AHSP) Grant from the Scottish Government;
- c) An increase in Deferred Capital Grants reflecting the continued investment in new homes.
- d) Other Debtors have increased by £569K due to the level of grant income due on our new build programme at the year end.
- e) Trade Payables increased by £893K due to the timing of the receipt of contractor invoices.

- f) Accruals have increased by £409K reflecting the value of development and investment works undertaken not yet billed.
- g) National Insurance Contributions have increased 29% (£57.6K) from prior year.

Cash Flow

The Cash Flow is shown on page 33. The net change in cash equivalents was an outflow of £0.680M (2025: Outflow of £0.471M). The principal cash outflows were operating, development costs and investment in assets with cash inflow boosted by rental income and grants received.

Current Liquidity

At 31 March 2026, HHP had cash and short-term deposits of £8.516M (2025: £9.195M).

Capital Structure & Treasury Management Policy

The main elements of HHP's long term funding are a loan facility arranged with the Royal Bank of Scotland (RBS) and repayable grant provided by The Scottish Government. The RBS loan facility, which was re-structured in June 2021, allows us to borrow up to £25 Million. Debt is progressively paid off from June 2031 and is projected to be fully paid off by 2046.

The Board receives updates each quarter which detail the debt, cash and interest received.

Our Treasury Management Policy sets down the framework for investing and managing cash, raising loans, interest rate management and the use of financial derivatives by the Group. A key objective of the Policy is to ensure that the Partnership's loan portfolio represents the optimum balance of risk in interest rate, loan maturity and fixed rate exposure. Currently we have drawn £17M of the RBS loan facility with £15.5M fixed and £1.5M variable.

Plans For The Future

HHP plans to invest £24.17M over the next 5 years ensuring the Scottish Housing Quality Standard is maintained in all its properties. £41.44M of HHP cash and borrowings have been earmarked for the new build projects due for completion.

Auditors

CT Audit were re-appointed as auditors at our AGM in September 2025.

Independent Auditors Report

Opinion

We have audited the Financial Statements of Hebridean Housing Partnership (the 'Partnership') for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Cashflow statement and notes to the Financial Statements, 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 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 Partnership'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; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019.

Basis for 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 Partnership 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 of management's use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society'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 of management with respect to going concern are described in the relevant sections of this report.

Other Information

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

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

We have nothing to report in this regard.

Matters on which we are required to Report by Exception

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

- Proper books of accounts have not been kept by the Partnership in accordance with the requirements of the legislation;

- A satisfactory system of control over transactions has not been maintained by the Partnership 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 Partnership; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of the Board

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

In preparing the Financial Statements, the Board are responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Partnership 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 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 Partnership operates in and how the Partnership 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; and
- 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 that the most significant laws and regulations that have a direct impact on the Financial Statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination

of Accounting Requirements 2024, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the Financial Statements which included reviewing Financial Statement disclosures against the requirements of the relevant financial reporting standards.

We also performed audit procedures to inquire of management, and those charged with governance whether the Partnership is in compliance with these laws and regulations, inspected correspondence with regulatory authorities including mandatory submissions to the Regulator, reviewed minutes of meetings of the Board and relevant sub-committees, and reviewed available online information.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at 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 Partnership's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Partnership'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 Partnership and the Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

CT Audit Limited
Chartered Accountants and
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL
23 June 2026

Report by the Auditors to the Members of Hebridean Housing Partnership Ltd on Corporate Governance Matters

Corporate Governance

In addition to our audit of the Financial Statements, we have reviewed the Board's statement on pages 9 to 11 concerning the Partnership's compliance with the information required by the Regulatory Standards for systematically important Registered Social Landlords (RSLs) 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. The Bulletin does not require us to review the effectiveness of the Partnership'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 pages 9 to 11 has provided the disclosures required by the relevant Regulatory Standards for systematically important RSLs 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.

CT Audit Limited
Chartered Accountants and
Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL
23 June 2026

FINANCIAL STATEMENTS



Statement of Comprehensive Income as at 31 March 2026

		31 March 2026	31 March 2025
		£	£
	Notes		
Turnover	3	16,148,254	15,098,129
Operating expenditure	3	(13,217,008)	(12,018,181)
Operating surplus	3	2,931,246	3,079,948
Loss on disposal of property, plant & equipment		(1,177)	(4,066)
Interest receivable	6	201,577	202,455
Interest payable and financing costs	7	(433,090)	(600,260)
Increase/(Decrease) in valuation of housing properties		13,868	(62,875)
Surplus before tax		2,712,424	2,615,202
Actuarial (loss)/gain in respect of pension scheme	22	(309,000)	(63,000)
Total comprehensive income for the year		2,403,424	2,552,201

The results for the year relate wholly to continuing activities.

These Financial Statements were approved by the Board on 23 June 2026 and were signed on its behalf by:



Calum Mackay
Chair



Dena Macleod
Company Secretary



Helen Mackenzie
Vice Chair

The notes on pages 34 to 60 form part of these Financial Statements.

Statement of Changes in Reserves as at 31 March 2026

	Share Capital £	Unrestricted Fund £	Total Reserves £
Current Year			
Balance at 1 April 2025	86	47,989,108	47,989,194
Surplus from statement of comprehensive income		2,403,424	2,403,424
Balance at 31 March 2026	86	50,392,532	50,392,618
	Share Capital £	Unrestricted Fund £	Total Reserves £
Prior Year			
Balance at 1 April 2024	87	45,436,907	45,436,994
Movement in Share Capital	(1)		(1)
Surplus from statement of comprehensive income		2,552,201	2,552,201
Balance at 31 March 2025	86	47,989,108	47,989,194

The notes on pages 34 to 60 form part of these Financial Statements.

Statement of Financial Position as at 31 March 2026

		31 March 2026 £	31 March 2025 £
	Notes		
Fixed Assets			
Tangible Assets-Social Housing	8	145,300,543	139,372,269
Tangible Assets-Property, plant & equipment	9	967,140	1,487,021
Investments	10	2	2
		<u>146,267,685</u>	<u>140,859,292</u>
Current Assets			
Stock		23,928	25,651
Trade and other receivables	11	1,871,103	1,406,849
Investments		5,403,888	7,880,027
Cash and cash equivalents		3,111,849	1,315,403
		<u>10,410,768</u>	<u>10,627,930</u>
Less: Creditors amounts falling due within one year	12	<u>(3,638,528)</u>	<u>(2,106,895)</u>
Net current assets		<u>6,772,240</u>	<u>8,521,035</u>
Total assets less current liabilities		<u>153,039,925</u>	<u>149,380,327</u>
Creditors: amounts falling due after more than one year	13	(22,365,333)	(22,365,333)
Deferred Capital Grants	14	(80,281,974)	(79,025,801)
Pension Liability	15	-	-
Net Assets		<u>50,392,618</u>	<u>47,989,194</u>
Reserves			
Share Capital	16	86	86
Income & Expenditure reserve		50,392,532	47,989,108
		<u>50,392,618</u>	<u>47,989,194</u>

These Financial Statements were approved by the Board on 23 June 2026 and were signed on its behalf by:



Calum Mackay

Chair



Dena Macleod

Company Secretary



Helen Mackenzie

Vice Chair

The notes on pages 34 to 60 form part of these Financial Statements.

Statement of Cash Flows for the Year Ended 31 March 2026

	31 March 2026	31 March 2025
	£	£
Net Cash inflow from operating activities	6,709,586	5,438,875
Cashflow from investing activities		
Purchase of tangible assets	(11,016,540)	(11,268,655)
Proceeds from sale of tangible fixed assets	327,541	142,581
Grants received	3,764,402	5,418,229
Interest received	201,578	202,455
Cashflow from financing activities		
Interest paid	(666,260)	(404,257)
Net change in cash equivalents	<u>(679,693)</u>	<u>(470,773)</u>
Cash and cash equivalents at the beginning of the year	9,195,430	9,666,203
Cash and cash equivalents at the end of the year	<u>8,515,737</u>	<u>9,195,430</u>
	<u>(679,693)</u>	<u>(470,773)</u>

The notes on pages 34 to 60 form part of these Financial Statements.

Notes to the Statement of Cash Flows for the Year Ended 31 March 2026

Cash Inflow from Operating Activities

Cashflow from Operating Activities		
	2026	2025
	£	£
Surplus for the year	2,931,246	3,079,948
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	5,505,342	4,928,316
Decrease/(Increase) in stock	1,723	(1,195)
(Increase)/Decrease in trade and other debtors	(468,493)	683,907
Increase/(Decrease) in trade and other creditors	1,531,633	(953,675)
Pension costs less contributions payable	(25,000)	81,000
Carrying amount of tangible fixed asset disposed	(377,260)	(145,331)
<i>Adjustments for investing or financing activities:</i>		
Loss from the disposal of tangible fixed assets	(1,177)	(141,959)
Government grants utilised in the year	(2,155,257)	(2,000,140)
Interest payable	(233,171)	(91,996)
	<u>6,709,586</u>	<u>5,438,875</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

NOTE 1 - ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements, except where noted below.

Base of Accounting

The Financial Statements of the Partnership are prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) for social housing providers issued in 2018.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies that have been applied consistently to all periods presented in these Financial Statements are set out below.

The preparation of Financial Statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Partnership. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 2. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. Hebridean Housing Partnership Ltd is a public benefit entity (PBE).

Preparation of Consolidated Financial Statements

The Financial Statements contain information about Hebridean Housing Partnership as an individual company and do not contain consolidated financial information as the parent of a group. The Partnership has taken the option not to prepare

consolidated Financial Statements due to the immateriality of the results of its subsidiary Dachaigh Property Solutions Limited, as detailed in Note 10.

Turnover

Turnover, which is stated net of Value Added Tax, represents income receivable from lettings and service charges, fees receivable, revenue grants and other income.

Grant Income

Grant Income received is matched with the expenditure to which it relates. Social Housing Grant received as a contribution towards the capital cost of a housing development is recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure and its individual components. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover.

Deposit and Liquid Resources

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

Pension Costs

The Partnership participates in the Highland Superannuation Scheme and contributions to the pension scheme are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice. The actual pension cost is charged to the income and expenditure account based on contributions to the fund. In accordance with FRS102 the future payments in respect of the past service deficit plan have been discounted and recognised as a provision within the Financial Statements. When a pension plan is in a net surplus position, there is a requirement, under FRS102, to restrict the surplus where there are restrictions on the recoverability of the plan surplus.

Housing Properties

Housing properties are stated at cost less accumulated depreciation. The cost of properties is their purchase price together with capitalised repairs. Housing properties in the course of construction are stated at cost and are not depreciated. Housing properties are transferred to completed properties when they are ready for letting and are stated at cost. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings; and
2. Development expenditure including administration costs

Where it is considered that there has been any impairment in value this is provided for accordingly. Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Improvements to Housing Properties

The Partnership capitalises repairs and improvement expenditure on its housing properties which result in an enhancement of the economic benefit of the asset.

Impairment

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired. Impairment is recognised where the carrying value of an asset exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows expected from the continued use of these assets. Any impairment of assets would be recognised in the Statement of Comprehensive Income.

Shared Ownership

Shared ownership properties are split proportionately between current and fixed assets based on the first tranche proportion.

First tranche proportions will be accounted for as current assets and the related sales proceeds shown in turnover; and

The remaining element of the share ownership property will be accounted for as a fixed asset and any subsequent sale will be treated as a part disposal of a fixed asset.

Commercial Properties

Commercial Properties are valued at existing use value.

Provisions

The Partnership only provide for contractual liabilities that exist at the balance sheet date.

Taxation

Income and capital gains are generally exempt from tax if applied for charitable purposes.

Depreciation

Depreciation is charged on a straight-line basis to write off the cost of each asset, less any estimated residual value, over its expected useful life, as set out below. Assets are depreciated in the year of acquisition, from the date of their acquisition, and in the year of disposal, up to the date of disposal. Land is not depreciated.

Housing Properties & Offices

All of the major components comprised within the Partnership's housing properties and offices are treated as separable assets and their costs (after the deduction of any related social housing grant) are depreciated by reference to the expected useful life of each component, on the following basis:

	Years
Roofs	50
Kitchens	20
Bathrooms	30
Showers	10
Heating Boilers	15
Heating Systems	30
Window & Doors	25
Other External Components	15
Structure	60

Other Fixed Assets

All other Fixed Assets are depreciated by reference to the following expected useful lives:

	Years
Furniture, Fittings and Office Equipment	5
Computer Hardware and Software	4
Motor Vehicles	25% reducing balance

Sale of Housing Accommodation

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are recognised in the Statement of Comprehensive Income at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the Financial Statements.

Stock

Stocks are valued at the lower of cost and net realisable value.

Capitalisation of Overheads

Staff costs that are directly attributable to bringing housing properties into working condition for their intended use are capitalised.

Value Added Tax

The Partnership is registered for VAT. A large proportion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment works expenditure included in the development works agreement with CNES is fully recoverable. Expenditure on these works is shown net of VAT.

Bad & Doubtful Debts

Provision is made against rent arrears for current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

Leased Assets

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

Designated Reserves

Designated reserves are unrestricted reserves earmarked by Directors for particular purposes.

Financial Instruments

Loans provided to Dachaigh Property Solutions Limited are classed as basic under the requirements of FRS102 and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Going Concern

The Board has assessed the Partnership's ability to continue as a going concern and have reviewed the 30 year Business Plan and its exposure to key risks through detailed sensitivity analysis.

Based on these projections and the wider information currently available, the Board consider that the Partnership has sufficient resources to meet any potential concerns and there are no material uncertainties about the Partnership's ability to continue as a going concern.

The Partnership therefore continues to adopt the going concern basis in preparing its Financial Statements and the period of management's going concern assessment is the period to 30 June 2027.

NOTE 2 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenditure.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods should it affect future periods.

The estimates and assumptions which carry a higher degree of risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. They are amended when necessary to reflect current estimates, future investment, economic utilisation and the physical condition of the assets. See notes 8 and 9 for details of the values of tangible fixed assets.

NOTE 3 – TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2026			2025		
	Operating Turnover	Operating Expenditure	Operating Surplus	Operating Turnover	Operating Expenditure	Operating Surplus
	£	£	£	£	£	£
Income and Expenditure from Lettings						
Social Lettings (Note 4)	16,052,302	(13,122,175)	2,930,127	14,971,460	(11,925,595)	3,045,865
Other Activities (Note 5)	95,952	(94,833)	1,119	126,669	(92,586)	34,083
TOTAL	16,148,254	(13,217,008)	2,931,246	15,098,129	(12,018,181)	3,079,948

NOTE 4 – PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Accommodation £	Shared Ownership £	Total £	2025 £
Income from rent and service charges					
Rent receivable net of service charges	12,848,027	141,566	4,507	12,994,100	12,223,289
Service charges	164,985	41,137	1,885	208,007	198,624
Gross Income from rents and service charges	13,013,012	182,703	6,392	13,202,107	12,421,913
Less voids	(69,060)	-	-	(69,060)	(65,046)
Net Income from rents and service charges	12,943,952	182,703	6,392	13,133,047	12,356,867
Release of deferred capital grant	2,147,123	66,800	1,373	2,215,296	2,000,140
Other Revenue Grants	703,959	-	-	703,959	614,453
Total Turnover from social letting activities	15,795,034	249,503	7,765	16,052,302	14,971,460
Expenditure					
Management and Maintenance Administration costs	3,025,292	34,845	2,489	3,062,626	3,005,183
Service charges	166,504	41,148	336	207,988	198,941
Planned and Cyclical Maintenance including major repairs	1,777,348	18,243	-	1,795,591	1,440,611
Reactive Maintenance	2,454,939	15,528	129	2,470,596	2,161,492
Bad Debts-rents and service charges	80,032	-	-	80,032	53,159
Depreciation of social housing	5,393,116	110,683	1,543	5,505,342	5,066,209
Operating costs for social letting activities	12,897,231	220,447	4,497	13,122,175	11,925,595
Operating surplus on letting activities for 31 March 2026	2,897,803	29,056	3,268	2,930,127	3,045,865
Operating surplus on letting activities for 31 March 2025	2,985,571	59,353	941	3,045,865	

NOTE 5 – PARTICULAR OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover		Other Operating Costs		Operating Surplus/ Deficit	
	£	£	£	2026 £	2025 £	2026 £	2025 £	2026 £	2025 £
Factoring	-	-	7,186	7,186	6,567	4,258	4,112	2,928	2,455
Development & construction of Property Activities	-	-	83,606	83,606	116,213	90,575	88,474	(6,969)	27,739
Management Services	-	-	5,160	5,160	3,889	-	-	5,160	3,889
Total from other activities 2026	-	-	95,952	95,952		94,833		1,119	
Total for other activities 2025	-	-	126,669		126,669		92,586		34,083

NOTE 6 - INTEREST RECEIVABLE AND OTHER INCOME

Interest Receivable and Other Income		
	2026	2025
	£	£
Interest receivable on deposits	201,115	202,176
Interest receivable on loan to subsidiary	462	279
	<u>201,577</u>	<u>202,455</u>

NOTE 7 – INTEREST PAYABLE AND SIMILAR CHARGES

Interest Payable and Similar Charges		
	2026	2025
	£	£
Interest Payable	654,130	667,558
Other Financing costs	62,960	76,702
Net Cost on pension	<u>(284,000)</u>	<u>(144,000)</u>
	<u>433,090</u>	<u>600,260</u>

Other financing costs include commitment, non-utilisation fees, the amortisation of transaction costs on the funding arrangements. Please refer to Note 22 for details on the net cost on pension.

NOTE 8 – TANGIBLE FIXED ASSETS SOCIAL HOUSING

Tangible Fixed Assets				
SOCIAL HOUSING	Housing Properties held for letting £	Housing Properties under construction £	Shared Ownership held for letting £	Total £
Current Year Cost				
At start of the year	172,939,329	8,040,730	128,335	181,108,394
Additions during the year	4,660,237	6,614,926	-	11,275,163
Transfers in year	8,378,899	(8,378,899)	-	-
Disposals	(665,778)	-	(42,547)	(708,325)
At end of year	185,312,687	6,276,757	85,788	191,675,232
Depreciation				
At start of year	(41,646,638)	-	(89,487)	(41,736,125)
Provided in year	(5,142,114)	-	(2,013)	(5,144,127)
Impairment	6,756	-	-	6,756
Eliminated on Disposal	468,475	-	30,332	498,807
At end of year	(46,313,521)	-	(61,168)	(46,374,689)
Net Book Value				
At end of year	138,999,166	6,276,757	24,620	145,300,543
Prior Year				
At start of the year	160,202,084	9,846,418	128,335	170,176,837
Additions during the year	4,005,071	7,302,297	-	11,307,368
Transfers in year	9,107,985	(9,107,985)	-	-
Disposals	(375,811)	-	-	(375,811)
At end of year	172,939,329	8,040,730	128,335	181,108,394
Depreciation				
At start of year	(37,102,667)	-	(87,314)	(37,189,981)
Provided in year	(4,790,328)	-	(2,173)	(4,792,501)
Impairment	15,877	-	-	15,877
Eliminated on Disposal	230,480	-	-	230,480
At end of year	(41,646,638)	-	(89,487)	(41,736,125)
Net Book Value				
At end of year	131,292,691	8,040,730	38,848	139,372,269

Development administration costs capitalised amounted to £83,606 (2025: £116,213) for which Social Housing Grants amounting to £nil (2025: £nil) were received in the year.

The loss on sale of property disposals in the year was £1,178 (2025: Loss of £4,064).

The cost of new components & new homes capitalised in the year was £13,039,136 (2025: £13,113,056). Components were disposed with a cost of £665,778 (2025: £375,811) and accumulated depreciation of £468,475 (2025: £230,480) were disposed of in the year.

NOTE 9 – TANGIBLE FIXED ASSETS – PROPERTY, PLANT & EQUIPMENT

TANGIBLE FIXED ASSETS							
Property, Plant & Equipment	Heritable Property £	Commercial Property £	Office Equipment £	Computer Equipment £	Motor Vans £	Other Equipment £	Total £
Current Year Cost							
At start of the year	626,659	851,956	98,070	1,077,258	38,950	95,623	2,788,516
Additions during the year	-	-	26,715	4,027	59,140	-	89,882
Transfers in year	(285,914)	-	-	-	-	-	(285,914)
Disposals	-	(293,389)	-	-	(19,475)	-	(312,864)
At end of year	340,745	558,567	124,785	1,081,285	78,615	95,623	2,279,620
Depreciation							
At start of year	-	(309,781)	(92,713)	(772,013)	(31,381)	(95,607)	(1,301,495)
Provided in year	-	(22,738)	(1,329)	(135,108)	(4,028)	(16)	(163,219)
Impairment	-	7,112	-	-	-	-	7,112
Eliminated on Disposal	-	128,565	-	-	16,557	-	145,122
At end of year	-	(196,842)	(94,042)	(907,121)	(18,852)	(95,623)	(1,312,480)
Net Book Value							
At end of year	340,745	361,725	30,743	174,164	59,763	-	967,140
Prior Year							
At start of the year	696,343	930,708	94,520	949,899	38,950	95,873	2,806,293
Additions during the year	-	-	4,610	128,927	-	-	133,537
Transfers in year	(69,684)	-	-	-	-	-	(69,684)
Impairment	-	(78,752)	-	-	-	-	(78,752)
Disposals	-	-	(1,060)	(1,568)	-	(250)	(2,878)
At end of year	626,659	851,956	98,070	1,077,258	38,950	95,623	2,788,516
Depreciation							
At start of year	-	(286,982)	(93,140)	(664,200)	(28,569)	(95,667)	(1,168,558)
Provided in year	-	(22,799)	(633)	(109,381)	(2,812)	(190)	(135,815)
Eliminated on Disposal	-	-	1,060	1,568	-	250	2,878
At end of year	-	(309,781)	(92,713)	(772,013)	(31,381)	(95,607)	(1,301,495)
Net Book Value							
At end of year	626,659	542,175	5,357	305,245	7,569	16	1,487,021

NOTE 10 – INVESTMENTS

Investments			
	2026	2025	
	£	£	
Investment in subsidiary undertaking	1	1	
Investment in Hebrides Energy CIC	1	1	
	<u>2</u>	<u>2</u>	
	<i>Activity</i>	<i>Registered</i>	<i>Shareholding</i>
Daichaigh Property Solutions	Non-Trading	Scotland	100%
Hebrides Energy	Offer competitive electricity tariffs	Scotland	11.1%

NOTE 11 - TRADE & OTHER RECEIVABLES

Trade and other receivables		
	2026	2025
	£	£
Rental Arrears	134,567	209,601
Less: provision for bad debts	(109,935)	(154,626)
	<u>24,632</u>	<u>54,975</u>
Amounts owed by subsidiary undertaking (due within 1 year)	31,278	18,905
Other debtors	1,065,409	496,710
Prepayments and accrued income	609,669	691,904
Other debtors (due in more than 1 year)	140,115	144,355
Total	<u>1,871,103</u>	<u>1,406,849</u>

NOTE 12 – CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors-Amounts falling due within one year		
	2026	2025
	£	£
Trade payables	1,192,584	299,728
Contract retentions	166,925	170,927
Accruals and deferred income	1,668,908	1,259,713
Rent in advance	173,756	99,636
HAG creditor	304,233	276,891
Scottish Government Net Zero Grant funded in advance	132,122	-
Total	<u>3,638,528</u>	<u>2,106,895</u>

NOTE 13 – CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Creditors-Amounts falling due after more than one year		
	2026	2025
	£	£
Bank term loans	17,000,000	17,000,000
RTB Receipts due to the Scottish Government	5,365,333	5,365,333
Total	22,365,333	22,365,333
Bank Term loans are secured by specific charges on the Partnership's properties and are repayable at varying rates of interest.		
The above creditors are due are follows:		
	£	£
Between one and two years	-	-
Between two and five years	-	-
In five years or more	22,365,333	22,365,333
	22,365,333	22,365,333

At the year end the Partnership's outstanding loan balance was £17 Million. A committed facility of £25 Million was available from the Royal Bank of Scotland along with an uncommitted overdraft facility of £0.250 Million. Loan arrangement fees incurred in setting up this facility are included in debtors and are being amortised over the period of the loan. Security has been granted in accordance with the restated loan agreement to the Royal Bank for the period of the lending facility.

NOTE 14 – DEFERRED CAPITAL GRANTS

Deferred Capital Grants					
	Housing Properties held for letting £	Housing Properties under construction £	Shared Ownership held for letting £	Property Plant & Equipment £	Total £
Current Year Cost					
At start of the year	(69,921,496)	(8,452,898)	(37,079)	(614,328)	(79,025,801)
Additions during the year	(950,270)	(2,814,132)	-	-	(3,764,402)
Disposals during the year	60,038	-	11,828	1,653	73,519
Transfers in year	(6,286,324)	6,286,324	-	279,453	279,453
Amortised in year	2,153,177	-	1,905	175	2,155,257
At end of year	(74,944,875)	(4,980,706)	(23,346)	(333,047)	(80,281,974)
Amount to be released within one year	(2,168,775)	(64,265)	(1,905)	(175)	(2,235,120)
Amount to be released in more than one year	(72,776,100)	(4,916,441)	(21,441)	(332,872)	(78,046,854)
	(74,944,875)	(4,980,706)	(23,346)	(333,047)	(80,281,974)
Prior Year					
At start of the year	(65,555,805)	(9,443,674)	(39,139)	(614,505)	(75,653,123)
Additions during the year	(361,742)	(5,056,487)	-	-	(5,418,229)
Disposals during the year	45,411	-	-	-	45,411
Transfers in year	(6,047,263)	6,047,263	-	-	-
Amortised in year	1,997,903	-	2,060	177	2,000,140
At end of year	(69,921,496)	(8,452,898)	(37,079)	(614,328)	(79,025,801)

NOTE 15 – PROVISIONS FOR LIABILITIES & CHARGES

Pension Fund		
	2026 £	2025 £
At 1 April 2025	-	-
Created in Year	(756,000)	(1,883,000)
Restriction in Pension Surplus	756,000	1,883,000
At 31 March 2026	-	-

NOTE 16 – SHARE CAPITAL

Share Capital		
	2026	2025
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2025	86	87
issued during period	3	5
Surrendered during period	(3)	(6)
At 31 March 2026	86	86

Shares were held by the following Board members during the year:

- Calum Mackay
- Helen Mackenzie
- Alison MacCorquodale
- Valerie Russell
- Colin Gilmour
- Christina Macneil

NOTE 17 – KEY MANAGEMENT EMOLUMENTS

OFFICER'S EMOLUMENTS		
	2026 £	2025 £
Senior Officers are defined as the Chief Executive, the Director of Finance & Corporate Services and Director of Operations		
Aggregate emoluments payable to Directors exceeding £60,000 (excluding pension contributions and benefits in kind)	276,159	266,997
Emoluments payable to the highest paid officer (excluding pension contributions)	108,181	104,296
During the period the Directors' emoluments (excluding pension contributions) fell within the following band distributions:		
More than £80,000 but not more than £90,000	2	2
More than £90,000 but not more than £100,000	-	-
More than £100,000 but not more than £110,000	1	1
Pension contributions	48,296	46,577
The Directors are members of the Highland Superannuation Fund and employer's contributions are paid on the same basis as other members of staff.		
Total Expenses reimbursed in so far as not chargeable to UK Income Tax	593	676

NOTE 18 – EMPLOYEE INFORMATION

The average number of persons employed during the year was: 55. At 31 March 2026 the number of employees of the Partnership, including Directors, was: 46 (FTE), (2025 – 46 FTE).

EMPLOYEE INFORMATION		
	2026 £	2025 £
Staff costs (for the above persons)		
Wages and Salaries	2,025,239	1,884,122
Social Security costs	253,552	195,921
Employers' pension costs	369,410	349,834
FRS102 Pension Adjustment (Note 22)	(25,000)	81,000
	<u>2,623,201</u>	<u>2,510,877</u>
Staff costs capitalised	<u>(528,332)</u>	<u>(497,117)</u>
	<u>2,094,869</u>	<u>2,013,760</u>

NOTE 19 – OPERATING SURPLUS

OPERATING SURPLUS		
	2026	2025
	£	£
Operating surplus is stated after charging:		
Depreciation	5,505,342	5,066,209
Amortised capital grants	(2,155,257)	(2,000,140)
Repairs: cyclical, major, day to day	4,266,187	3,602,103
Auditor's remuneration		
-in their capacity as auditors	16,560	16,560
-in respect of other services	-	-
	<u> </u>	<u> </u>

NOTE 20 – TAXATION

The Partnership is a registered charity and is therefore exempt from Corporation Tax on its charitable activities. No corporation tax was due on the non-charitable activities in the year (2025: nil).

NOTE 21 – CAPITAL COMMITMENTS

CAPITAL COMMITMENTS		
	2026	2025
	£	£
Capital expenditure which has been contracted for but has not been provided for in the financial statements	28,175,740	7,449,970
Capital expenditure which has been authorised by the Board but is not contracted	<u>37,438,660</u>	<u>41,299,830</u>
	<u>65,614,400</u>	<u>48,749,800</u>
This is to be funded by:		
Funding from the Scottish Government	34,842,000	16,583,000
Other Funding	16,166,190	-
Private Finance	<u>14,606,210</u>	<u>32,166,800</u>
	<u>65,614,400</u>	<u>48,749,800</u>

NOTE 22 – PENSIONS

The Partnership participates in the Highland Superannuation Fund (HSF) which, as part of the Local Government Pension Scheme is a defined benefit statutory scheme based. From 1 April 2011 the scheme has operated the career average revalued earnings with 1/120th accrual benefit rate. Contributions are charged to the Income and Expenditure Account so as to spread the cost of pension over employees' working lives. These contributions are determined by formal actuarial valuation which takes place every three years, the last valuation was to 31 March 2023. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, the Partnership paid contributions at a rate of 17.6% of pensionable salaries.

There were 53 active members of the Scheme employed by the Partnership. All new employees join the scheme and have the option to withdraw after a short period if they so choose.

The fund is administered by Highland Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. As the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 31 March 2026. The funding update revealed an increase in the assets of the Scheme to £16.482 million and continues to show a net asset compared to liabilities of approximately £5.646 million. Under FRS102, the net surplus has been restricted as we are unable to recover the surplus through reduced contributions or refunds from the plan.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 31 March 2023.

Employer Membership Statistics			
	Number	Total Salaries/Pensions £000's	Average Age
	31-Mar-23	31-Mar-23	31-Mar-23
Actives	53	1717	55
Deferred Pensioners	34	94	54
Pensioners	21	205	68

Investment Returns

The return on the Fund in market value terms for the period to 31 March 2026 is estimated below based on actual fund returns as provided by the Administering Authority and index returns where necessary. Details are below:

Actual returns from 1 April 2025 to 31 March 2026	3.70%
---	-------

Major Categories of Plan Assets as a % of Total Plan Assets

Period Ended	31-Mar-26	31-Mar-25
Equities	58%	54%
Bonds	26%	26%
Property	13%	14%
Cash	3%	6%

Financial Assumptions

Period Ended	31-Mar-26	31-Mar-25
Pension increase Rate	3.00%	2.75%
Salary increase Rate	3.80%	3.55%
Discount Rate	6.30%	5.80%

Historic Mortality

Period Ended	Current Pensioners	Future Pensioners
31-Mar-26	CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a	CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a

Commutation

An allowance is included for future retirees to elect to take 65% of the maximum tax-free cash up to HMRC limits.

Changes in Fair Value of Plan Assets Defined Obligation & Net Liability For The Year Ended 31 March 2026

Period ended 31 March 2026	Assets £000's	Obligations £000's	Net Liability/ Asset £000's
Fair Value of Plan Assets	15,187	-	15,187
Present Value of liabilities	-	10,276	(10,276)
Present value of unfunded liabilities	-	21	(21)
Opening Position at 31 March 2025	15,187	10,297	4,890
Service Cost	-	345	(345)
Net Interest			
Interest income on plan assets	888	-	888
Interest cost on defined benefit obligation	-	604	(604)
Total Net interest	888	604	284
Total defined benefit cost recognised in P & L	888	949	(61)
Cashflows			
Plan Participants contributions	136	136	-
Employers contributions	368	-	368
Contributions in respect of unfunded benefits	2	-	2
Benefits paid	(252)	(252)	-
Unfunded benefits paid	(2)	(2)	-
Expected closing position	16,327	11,128	5,199
Remeasurements			
Changes in demographic assumptions	-	61	(61)
Changes in financial assumptions	-	(439)	439
Other experience	-	86	(86)
Return on assets excluding amounts in net interest	155	-	155
Total remeasurements recognised in Other Comprehensive Income (OCI)	155	(292)	447
Fair Value of plan assets	16,482	-	16,482
Present value of funded liabilities	-	10,815	(10,815)
Present value of unfunded liabilities	-	21	(21)
Closing position at 31 March 2026	16,482	10,836	5,646

NOTE 23 – PROPERTY STOCK

The number of units of accommodation owned by the Partnership was as follows:

Property Stock				
The number of units of accommodation owned by the Partnership was as follows:				
	Units in Management		Units under Development	
	2026	2025	2026	2025
Unimproved				
New Build	658	621	20	51
Improved	1,773	1,773	-	-
General Needs Housing	<u>2,431</u>	<u>2,394</u>	<u>20</u>	<u>51</u>
Shared Ownership Accommodation	2	3	-	-
Supported Housing Accommodation	28	28	-	-
Total Housing Stock	<u>2,461</u>	<u>2,425</u>	<u>20</u>	<u>51</u>
Other Property				
Garages	41	41	-	-
Commercial	6	6	-	-
Heritable-Partnership's offices	2	3	-	-
Total Other Property	<u>49</u>	<u>50</u>	<u>-</u>	<u>-</u>

NOTE 24 – REVENUE COMMITMENTS

Operating Leases		
	2026	2025
The Partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:	£	£
Within one year	10,093	10,093
In the second to fifth year inclusive	13,675	23,768
	<u>23,768</u>	<u>33,861</u>

NOTE 25 – RELATED PARTY TRANSACTIONS

Board Members

During the period the tenancies held by tenant Board Members were held on normal commercial terms and they are not able to use their position to their advantage.

The Partnership retains a register of Members' interests. There are no interests in related parties requiring to be declared.

Transactions entered into with members and rent arrear balances at 31 March 2026 are as follows:

Rent Charges	£6,348.87
--------------	-----------

Any transactions with CNES are made at an arm's length, on normal commercial terms and the Councillors cannot use their positions to their personal advantage.

Dachaigh Property Solutions Limited

Dachaigh Property Solutions Limited is a wholly owned subsidiary of Hebridean Housing Partnership, a company incorporated in Scotland. All of the Directors are Board Members of HHP.

At the year-end Dachaigh Property Solutions Limited owed Hebridean Housing Partnership £31,278 (2024: £18,905) which is included in other debtors Note 11.

NOTE 26 – LEGISLATIVE PROVISIONS

Hebridean Housing Partnership Limited ("HHP" or "The Partnership") is registered under the Co-operative and Community Benefit Societies Act 2014 (previously known as the Industrial and Provident Societies Act 1965) and is a Housing Association registered with Scottish Housing Regulator (previously Communities Scotland) under the Housing (Scotland) Act 2010. HHP has charitable status and is registered with OSCR.



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S), Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number: SC035767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number: 359 and registered as a Property Factor, Registration Number PF000183

Email: info@hebrideanhousing.co.uk

Web: www.hebrideanhousing.co.uk

Phone: 0300 123 0773