SANCTUARY SCOTLAND HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

Scottish Registered Charity:	**SC024549**
Scottish Housing Regulator:	**HEP302**
Registered Society Number:	**2508RS**

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Board of Management and Advisors

Members of the Board of Management

John Arthur (Vice Chair)
Alexander Clark
Peter Cowe
James Docherty
J' (Vice Chair)
Pooja Joglekar
Steven Loomes
Michael McGrane
Nigel Wilcock (Chair)

Corporate Director

Sanctuary Housing Association

Secretary

Nicole Seymour

Scottish registered charity number

SC024549

Registered address

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Independent statutory auditor

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Internal auditor

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Chair's Statement

This has been an important year for Sanctuary Scotland. Throughout the year, we have stayed focused on listening to residents, improving services and supporting people through ongoing financial pressure. That focus has shaped the decisions we have taken, the investment we have made and the way we continue to look ahead.

We know that, for many residents, the past year has continued to bring real financial pressure. Supporting people through that has remained a priority. Our rent arrears improved and our welfare rights service secured more than £2.4 million for tenants. Hundreds of customers received advice, support and reassurance to help them stay on track.

We have also seen the value of strong local relationships. Across Scotland, our teams have worked with partners and communities to provide practical support, strengthen resilience and help sustain tenancies. That work is not always the most visible, but it makes a real difference in people's everyday lives and remains a vital part of our role in the communities we serve.

At the same time, we have continued to invest in both new and existing homes. During the year, we completed 269 new affordable homes across Scotland and maintained a strong pipeline of future developments. We also invested £3.6 million in improvements to existing homes, alongside a continued focus on safety and quality, including 100% gas safety compliance throughout the year.

One of the achievements we are especially proud of this year is Sanctuary Scotland becoming the first part of Sanctuary to achieve Investors in People Platinum accreditation. Platinum is the highest level of accreditation and recognises organisations that invest in their people, help colleagues grow and create the conditions for them to do their best work. We believe this says a great deal about the culture our colleagues have built together and the commitment they show every day to residents and communities across Scotland.

As we look ahead, we remain focused on the things that matter most: listening to residents, improving services, and continuing to invest in homes and communities across Scotland. We are proud of what has been achieved this year and are grateful to residents, colleagues and partners for the role they have played in that progress.

DocuSigned by:

Nigel Wilcock

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Nigel Wilcock
Chair

10 August 2026

The Board of Management's Report

The Board of Management (the Board) presents its Annual Report and the audited financial statements for the year ended 31 March 2026.

Strategic Context

Sanctuary Scotland Housing Association Limited (the Association) was registered for the purpose of developing, managing and maintaining housing for people in housing need.

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, number 2508RS, is a Scottish Registered Charity, number SC024549, and is registered with the Scottish Housing Regulator, number HEP302.

The Association's ultimate parent undertaking is Sanctuary Housing Association and it forms part of the Sanctuary Group of entities (the Group).

The objectives of Sanctuary Scotland are to:
- Provide good-quality, affordable housing for both rent and for sale for those least able to compete in other sectors of the housing market.
- Provide housing and associated services for those with more specific housing requirements, such as the elderly and those with long-term disabilities.
- Provide value-for-money services and advice to individuals and organisations working to provide social housing.
- Ensure that any investment made by Sanctuary Scotland provides sustainable benefits for local communities.

In pursuing these objectives, Sanctuary Scotland works to Sanctuary Group's values:
- Ambition
- Inclusion
- Integrity
- Quality
- Sustainability

Governance

Board of Management Members who held office during the year and up to the date of approval of the financial statements:

John Arthur	Vice Chair from 10 September 2025
Alexander Clark	Vice Chair until 9 September 2025
Peter Cowe	
James Docherty	
J'	Vice Chair
Pooja Joglekar	
Steven Loomes	
Gillian MacPhie	(resigned 16 June 2025)
Michael McGrane	
Nigel Wilcock	Chair
Sanctuary Housing Association	

Secretary

Nicole Seymour

The Board of Management's Report (continued)

Review of the Business and Future Developments

Performance

The Association's revenue grew to £58,219,000 (2025: £54,526,000), an increase of £3,693,000 (6.8%) from the prior year. This increase was driven by rent from new developments and rent indexation. The Association achieved an operating surplus for the year of £25,779,000 (2025: £29,409,000), a decrease of £3,630,000 (12.3%) from the prior year, reflecting higher levels of compliance and maintenance spend and an increase in property depreciation. The table below highlights the performance by income stream:

	Revenue		Operating surplus	
	2026	**2025**	**2026**	**2025**
	£'000	**£'000**	**£'000**	**£'000**
General needs	51,671	48,395	21,999	25,680
Sheltered and supported housing	2,562	2,440	1,058	1,207
Other activities	3,986	3,691	2,700	2,522
Other gains and losses	-	-	22	-
Totals	**58,219**	**54,526**	**25,779**	**29,409**

The Executive Team and the Board of Management use a number of key performance indicators to monitor the outcome of the Association's objectives. A selection of these indicators and results for the year, are as follows:

	2026	**2025**
Number of relets	521	480
Average number of days to relet	32	33
Residential rent lost through voids %	0.70%	0.63%
Current tenant arrears as a % of gross annual rent	4.98%	5.52%
Emergency repairs	8,793	9,861
Non-emergency repairs	26,661	23,190
Average time to complete emergency repairs (hours)	5.19	6.5
Average time to complete non-emergency repairs (days)	16.84	20.2

A targeted approach to supporting customers who are struggling to pay rent has enabled us to reduce the current tenant rent arrears percentage, despite the ongoing cost of living crisis and the pressures this has placed on household budgets.

We have continued to focus on minimising the number of homes which are vacant, and although the percentage of rent lost through voids has increased there is a slight decrease in the average time taken to relet available properties.

The Board of Management's Report (continued)

Review of the Business and Future Developments (continued)

Housing and Sustainable Communities

This year has been a significant one for Sanctuary Scotland, with a focus on listening to residents, improving services and supporting people through ongoing cost-of-living pressures.

Our People

We are proud to have achieved Investors in People Platinum accreditation, the highest level available. This recognises our commitment to supporting colleagues so they can deliver safe, responsive and high-quality services to residents.

Supporting Residents Through Cost Of Living

We improved our rent arrears performance, reducing arrears to 4.98% (2025: 5.52%). This was supported by updates to our performance management framework, including improved real-time tools for income management and better insight into customer demand.

We have also made significant improvements to our factoring invoicing and debt collection processes as part of our factoring improvement plan.

Welfare rights support also contributed, delivering clear financial benefits for tenants. Through advice, casework and referrals, residents were supported to claim new benefits, challenge incorrect decisions and maximise household income. In 2025/2026, this helped secure £2,491,476 in welfare rights gains for tenants, up from £2,476,721 in 2024/2025. This included help with disability benefits, housing-related entitlements and wider financial support. For many tenants, this meant increased weekly income, backdated payments and improved financial stability. Welfare rights advice also supported residents to manage debt, reduce financial stress and sustain tenancies during a challenging economic period.

Digital Improvements

We strengthened our digital offer by introducing DocuSign for housing applicants, helping to make key processes quicker and easier. So far, more than 3,177 applicants have completed the DocuSign process across Scotland, supporting customers to apply for a home or report a change of circumstances digitally rather than using paper forms. Residents also took part in early scoping work to shape a new customer experience approach and a future customer portal.

Resident Voice And Scrutiny

Resident involvement remained central to our work. Residents helped scrutinise the gas safety access process, which informed improvements to communication and helped reduce missed appointments. We also reviewed our approach to resident engagement, with input from residents across Scotland.

We set up a Scotland Community of Interest to strengthen resident voices, alongside clearer Group-level governance for Scottish scrutiny work. The Scotland Review Panel was disbanded, with existing members continuing their involvement through the Area Committee or the Residents' Scrutiny Panel. A range of resident involvement events also took place during the year, with good engagement.

We developed and reported the tenant satisfaction survey at Board level, so resident feedback is considered as part of decisions and service improvement planning.

The Board of Management's Report (continued)

Review of the Business and Future Developments (continued)

Housing and Sustainable Communities (continued)

Better Homes For The Future

We began the Scotland retrofit programme, focusing on surveying homes, planning investment and engaging residents. Over time, this will improve energy efficiency, comfort and sustainability, helping residents reduce energy costs and carbon emissions.

Safer Working And Compliance

We rolled out new lone working devices for colleagues working in communities, improving safety and reassurance for staff and residents. We also achieved letting agent re-accreditation, confirming continued compliance with required standards.

Communities

This year, we continued to strengthen community connection and resilience across Scotland, working with partners to provide practical, local support. In Priesthill, we delivered the final year of our UK Shared Prosperity Fund work, including £98,000 to support community activities and progress towards Scotland's first Trauma Informed Neighbourhood. In Toryglen, we supported well used local projects and opened our first Community Living Room in the Toryglen multi-storey blocks, creating a welcoming space for outreach and conversations with tenants.

We also supported communities to access longer-term investment and joined up work with partners. In Cumbernauld, we played an active role in a multi-year programme backed by £2.6 million of funding, supporting local events and providing Trauma Informed Practice input and training. In Dundee, we delivered the Scottish Government's Upstream Prevention of Homelessness pilot (one of seven organisations sharing £1 million), focused on Cash First approaches, and shared learning with the wider sector as 'Ask and Act' duties develop. In Aberdeen, we worked with partners to provide more than 80 Christmas hampers for tenants most in need, alongside support for local 'Ask and Act' work.

This work delivered measurable results. Our Community Connectors engaged 5,942 people to build connection and resilience, while specialist colleagues supported 440 people at the highest risk of tenancy failure. We used local learning to inform wider practice across the sector, and developed a new pilot to support tenants experiencing Hoarding Disorder.

During the year, we secured £308,068 in grant funding to support this work.

Our emphasis has been on practical support for residents, alongside investment in safer services and better homes for the future.

The Board of Management's Report (continued)

Review of the Business and Future Developments (continued)

Development and Reinvestment

In 2025/2026, our focus stayed on people and place. We completed 269 new affordable homes across the country, helping individuals and families settle in the communities where they want to live, while progressing a strong pipeline of new developments.

North Lanarkshire

The former Lennox House site in Cumbernauld has been transformed into 44 energy-efficient social rented homes within easy reach of the town centre. Building on this progress, we submitted a planning application for a further 199 new affordable homes on the site of the former HMRC office on St Mungo's Road.

We also started on site for phase two of our Heathfield development in Gartcosh. When completed later this year, it will provide a further 25 social rented homes and support more people to find a secure, long-term home locally.

Inverclyde

We completed 64 new homes on a former health centre site in Greenock, increasing housing choice for local people. Delivered by our in-house Construction team, the development includes a mix of houses and apartments with one-, two-, three- and four-bedroom homes, including two properties adapted for wheelchair and bariatric use.

Work is under way at Bay Street, where we started on site to deliver 24 amenity apartments. The design will support independent living, with features intended to meet changing needs over time.

Glasgow

We're progressing well with 126 social rented homes in Carntyne. The development includes apartments and two-storey houses, with a significant proportion of three and four-bedroom family homes to help address the city's shortage of larger homes. More than half were already occupied by April 2026. The final homes are expected to be handed over by the end of summer.

In Battlefield, our redevelopment of the former Victoria Infirmary site reached a key point when phase one of The Victoria completed in October 2025. Marked with a ceremony attended by residents and representatives from Glasgow City Council, the £30.9 million first phase has delivered 136 high-quality affordable homes and 11 commercial units. The homes include 43 for social rent, 61 mid-market rent apartments and 32 New Supply Shared Equity homes. Our new residents include key workers, older people and families. All residential blocks have lifts, and 14 flats are wheelchair-adaptable to support accessibility. The Victoria was also named 'Starter Home of the Year' at the Scottish Home Awards 2025.

Work continues around The Victoria. Planning permission is in place for a further 46 amenity apartments on the former adjacent car park site, with a start on site planned for this year. We also continued to expand our programme in other parts of Scotland to meet local housing need.

Edinburgh

In Edinburgh, our first new-build project in the city completed this year, delivering 100 social rented homes in South Queensferry. We also started work at Edmonstone Village, where we are delivering a further 55 social rented homes. These homes will be powered by a district heating system, with heating and hot water supplied from a central energy centre through a network of insulated pipes. This removes the need for individual gas boilers, helping to reduce carbon emissions and improve energy efficiency while supporting warmer, more affordable homes. As more people move into these homes, we also stayed focused on the everyday services that help communities thrive.

The Board of Management's Report (continued)

Review of the Business and Future Developments (continued)

Improving Our Existing Homes

We invested £3.5 million improving the roofs, render, windows and doors, kitchens and bathrooms, and energy efficiency of our homes. We spent another £132,000 cleaning gutters and decorating internal communal areas. Our Energy team helped us progress our Energy Efficiency Standard for Social Housing compliance journey thanks to Scottish Government net zero heat funding.

The wellbeing of our customers remains our priority. We maintained 100% gas safety compliance throughout the year and invested almost £500,000 in new boilers and wider reinvestment across heating systems in Scotland. We also began rolling out new energy-efficient heating controls, improving comfort, security and day-to-day living.

Homes in management

	2026 Number	2025 Number
Social housing accommodation:		
General needs housing	8,835	8,650
Sheltered & supported housing accommodation	403	405
	9,238	**9,055**
Social housing leased outside Group tenancy agreements	49	40
Total social homes in management	**9,287**	**9,095**

The number of social homes managed by Sanctuary Scotland increased during the year as a result of homes created by our new-build programme.

24 (2025: 24) units owned by the Association were being managed by a third party, external to the Group, at the reporting date. These units of accommodation are managed on behalf of the Association by Margaret Blackwood Housing Association in Edinburgh. No Supported Housing Management Grant was payable during the year in respect of these properties.

Going Concern

The Association's principal activities, together with factors likely to affect its future performance, are set out in the Board of Management's report on pages 4 to 13.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board's assessment of the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which show that the Association will have sufficient funds to continue to meet its liabilities as they fall due. In forming their view the Board has taken into consideration that Sanctuary Housing Association, the Association's ultimate parent, has provided a letter of support to the Board of the Association to confirm that it intends, should the need arise, to provide financial and or other support to the Association, including, if required, not seeking repayment of amounts currently made available (note 15 - £4,819,000 at 31 March 2026 (2025: £4,537,000), for the period covered by the forecasts.

The Board of Management's Report (continued)

Going Concern (continued)

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Board are confident that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Area Committees

The Association has two Area Committees (North East and Central) who scrutinise service delivery and drive forward improvements in the delivery of local services in their geographic areas. Each Area Committee includes at least one member of the Board of Management and up to six other persons appointed by the Board of Management, which may include tenants or other service users from the area served. During the year the Area Committees met regularly to consider matters within their approved remits.

Risk Management

Risk management policy

The Association maintains a detailed risk map which is monitored and updated on a regular basis. The risk map identifies risks which the Association might face, the likelihood of such risks occurring and their impact on the Association if they do occur. The risk map also identifies action taken by the Association to mitigate such risks occurring or to minimise their impact. The risk map is utilised by both the Board and the Executive Team to ensure that the Association minimises, and controls as far as possible, the level of risk to which it is exposed.

The principal risks identified in the most recent risk map are:

- Political, Government policy, legislation and regulation – risk of failure to comply with or react to Government regulations and announcements or regulatory requirements.
- Reputational and customer service risk – risk of reputational damage.
- Rental income and collection - risk of reduction in income collected.
- Maintenance service and long-term investment - risk of lack of investment in housing properties.
- Cost pressures - risk of reduction in cash flows and surpluses.
- Private finance - risk of restriction of growth ambitions and inability to preserve asset base.
- Tenant and resident safety – risk of failure to meet required health and safety or compliance standards.
- Fraud - risk that a material fraud arises from an internal or external source.
- Development - risk that the development programme is not built to schedule, quality or budget.
- Information security and availability – risk of loss of, or no access to, data or systems.
- Staffing risk – risk of failure to recruit, train and retain staff.
- Climate change - risk of not effectively transitioning to a low carbon economy and/or adapt to changes to climate.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Association's risk appraisal and management processes aim to address all health and safety matters in relation to property, tenants and staff. A report on health and safety matters is submitted to each meeting of the Board.

Financial risk management

The Association's operations expose it to a variety of financial risks that include the effects of cash flow risk, liquidity risk and interest rate risk. The Association has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Association by monitoring levels of debt finance and related finance costs.

The Board of Management's Report (continued)

Risk Management (continued)

Cash flow risk

At 31 March 2026, 67% of the Association's debt was on fixed rate terms (2025: 74%). Further to this, the Association seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods. At the year end, 1.23% (2025: 1.27%) of debt was payable within one year. The Association does not use derivative financial instruments to manage interest rate costs.

Liquidity risk

The Association actively maintains a level of debt finance that is designed to ensure that the Association has sufficient available funds for its operations.

Interest rate risk

The Association has interest bearing liabilities, the majority of which are maintained at a fixed rate to ensure certainty of future interest cash flows.

Statement of Internal Financial Control

The Board of Management is ultimately responsible for ensuring that the Association maintains a system of internal control that is appropriate to the various business environments in which it operates. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed. The controls by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The Board of Management has established key procedures to provide internal control and there are clear lines of responsibility for the creation and maintenance of the procedures through the designated senior executives. 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; and
- the safeguarding of assets against unauthorised use or disposition.

Major business risks are identified through a system of continuous monitoring. The financial control framework includes the following key features:

- The Board of Management being directly responsible for strategic risk management.
- The adoption of formal policies and procedures including documentation of key systems and rules relating to a delegation of authorities which allows the monitoring of controls and restricts the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff being responsible for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Executives to monitor the key business risks and financial objectives allowing the Association to progress towards its financial plans set for the year and the medium-term. Regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information including significant variances from targets which are investigated as necessary.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

The Board of Management's Report (continued)

Statement of Internal Financial Control (continued)

- The Group Audit and Risk Committee reviews reports from management and PricewaterhouseCoopers LLP (internal auditors) to provide reasonable assurance that control procedures are in place and are being followed. The Group Audit and Risk Committee receive an annual report on internal controls from the Chief Financial Officer. The Committee receives a report from the Group's external auditor in relation to the consolidated Financial Statements. The Group Audit and Risk Committee makes regular reports to the Group Board. The Group follows formal procedures for instituting appropriate action to correct weaknesses identified in the above reporting and relevant points are communicated to the Association.

The Association follows formal procedures for ensuring appropriate actions are taken to correct weaknesses identified from the above reports, which are followed up by the Board of Management.

On behalf of the Board, the Group Audit and Risk Committee has reviewed the effectiveness of the systems of internal control in existence in the Group for the year ended 31 March 2026 and is not aware of any material changes at the date of signing the financial statements.

Statement of Board of Management's Responsibilities

The Board of Management is responsible for preparing the Board of Management's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society and charity law require the Board of Management to prepare financial statements for each financial year. Under those regulations the Board of Management has elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

In preparing these financial statements, the Board of Management 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;
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Management is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board of Management is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to Auditor

In the case of each of the persons who are Members of the Board at the date when this report was approved:

- so far as the Member is aware, there is no relevant audit information of which the Association's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Member of the Board to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Independent Auditor

KPMG has indicated its willingness to continue in office. A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Board of Management

Signed by:

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Nicole Seymour
Secretary
10 August 2026

Independent auditor's report to Sanctuary Scotland Housing Association Limited and the Trustees of Sanctuary Scotland Housing Association Limited

Opinion

We have audited the financial statements of Sanctuary Scotland Housing Association Limited (the Association) for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:
- give a true and fair view, in accordance with UK-adopted international accounting standards, of the Association's state of affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the requirements of the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements 2024, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP) where these do not conflict with IFRS.

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Association's Board of Management ("the Board") has prepared the financial statements on the going concern basis as it does not intend to liquidate the Association or to cease its operations, and as it has concluded that the Association's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the Association's business model and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:
- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Identifying and responding to risks of material misstatement due to fraud (continued)

- Enquiring of the Board of Management, internal audit and inspection of policy documentation as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the determination of retirement benefit obligations and impairment of property assets. On this audit we do not believe there is a fraud risk related to revenue recognition given the nature of the Association's revenue stream being simple, non-complex transactions and do not contain significant judgements or estimates. Furthermore, there is no history of significant or a high number of audit misstatements in relation to revenue and management is not incentivised on revenue directly.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with unusual characteristics compared to the total journal population.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits legislation, taxation legislation, and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to Sanctuary Scotland Housing Association Limited and the Trustees of Sanctuary Scotland Housing Association Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board of Management is responsible for the other information, which comprises the Board of Management's Report and the Statement on Internal financial control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in other information; or
- in our opinion, the Statement on Internal Financial Control on page 11 and 12 does not provide 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; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit; or
- in our opinion, the information given in the The Board of Management's Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Independent auditor's report to Sanctuary Scotland Housing Association Limited and the Trustees of Sanctuary Scotland Housing Association Limited (continued)

Matters on which we are required to report by exception (continued)

In addition, under the Co-operative and Community Benefit Societies Act 2014 we are required to report if, in our opinion, the Association has not maintained a satisfactory system of control over its transactions. We have nothing to report in this respect.

Board's responsibilities

As explained more fully in its statement set out on page 13, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

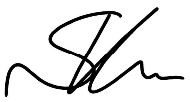
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010, and to the Association's Trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Association and its Trustees 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 its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Salmaan Khan
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 10 August 2026

Statement of Comprehensive Income for the year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Revenue	2	58,219	54,526
Operating expenditure	3	(32,462)	(25,117)
Other gains and losses	8	22	-
Operating surplus	3,5	**25,779**	**29,409**
Loss on cessation of defined benefit pension	20	-	(1,692)
Finance income	9a	141	172
Finance costs	9b	(13,924)	(14,130)
Surplus for the year from continuing operations		**11,996**	**13,759**
Other comprehensive income			
Items that will not be reclassified subsequently to income or expense:			
Re-measurement of defined benefit pension scheme	20	-	5,493
Other comprehensive income for the year		**-**	**5,493**
Total comprehensive income for the year		**11,996**	**19,252**

There were no discontinued operations in either the current or previous financial years.

The notes on pages 22 to 55 form part of these financial statements.

Statement of Financial Position as at 31 March 2026

	Notes	2026 £'000	2025 £'000
Assets			
Non-current assets:			
Property, plant and equipment	10	515,840	496,708
Investment property	11	575	578
Other investments	12	1	1
		516,416	497,287
Current assets:			
Trade and other receivables	13	9,998	10,420
Assets classified as held for sale	14	89	-
Cash and cash equivalents	23	2,915	6,108
		13,002	16,528
Total Assets		**529,418**	**513,815**
Liabilities			
Current liabilities:			
Trade and other payables	15	16,497	18,644
Contract liabilities	2	3,291	2,877
Loans and borrowings	16	4,169	4,258
Provisions	17	522	448
		24,479	26,227
Non-current liabilities:			
Loans and borrowings	16	335,474	330,119
Total liabilities		**359,953**	**356,346**
Equity			
Equity attributable to owners of the parent:			
Share capital	21	-	-
Retained earnings		169,465	157,469
Total Equity		**169,465**	**157,469**
Total Equity and liabilities		**529,418**	**513,815**

The notes on pages 22 to 55 form part of these financial statements.

The financial statements were approved by the Board of Management on 10 August 2026 and signed on its behalf by:

DocuSigned by:
Nigel Wilcock
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Nigel Wilcock
Chair

Signed by:
John Arthur
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John Arthur
Vice Chair

Signed by:
05803E631D83476...
Nicole Seymour
Secretary

Signed by:
J'
612A683A169F45C...
J'
Vice Chair

Statement of Changes in Equity for the year ended 31 March 2026

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2024	-	138,217	138,217
Surplus for the year	-	13,759	13,759
Other comprehensive income	-	5,493	5,493
Total comprehensive income	**-**	**19,252**	**19,252**
At 31 March 2025	**-**	**157,469**	**157,469**
At 1 April 2025	-	157,469	157,469
Surplus for the year	-	11,996	11,996
Total comprehensive income	**-**	**11,996**	**11,996**
At 31 March 2026	**-**	**169,465**	**169,465**

The notes on pages 22 to 55 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2026

	Notes	2026 £'000	2025 £'000
Cash flows from operating activities			
Surplus for the year		11,996	13,759
Adjustments for:			
Depreciation	5	5,570	3,968
Gain on sale of property, plant and equipment	8	(22)	-
Loss on cessation of defined benefit pension	20	-	1,692
Net finance costs	9	13,783	13,958
		19,331	19,618
Cash generated before working capital movements		31,327	33,377
Changes in:			
Trade and other receivables		(3,187)	1,910
Trade and other payables		5,565	(2,836)
Provisions		74	(1,496)
Retirement benefit obligations		-	4,407
		2,452	1,985
Cash generated from operating activities		33,779	35,362
Interest paid		(14,716)	(15,653)
Net cash inflow from operating activities		**19,063**	**19,709**
Cash flows from investing activities			
Interest received		141	204
Proceeds from sale of property, plant and equipment		38	-
Acquisition and construction of property, plant and equipment and investment property		(44,445)	(37,837)
Capital grants received		16,970	20,557
Net cash outflow from investing activities		**(27,296)**	**(17,076)**
Cash flows from financing activities			
Proceeds from loans and borrowings		23,000	13,000
Repayment of borrowings		(17,960)	(13,128)
Net cash flow from financing activities		**5,040**	**(128)**
Net movement in cash and cash equivalents		**(3,193)**	**2,505**
Cash and cash equivalents 1 April		6,108	3,603
Cash and cash equivalents 31 March		**2,915**	**6,108**

The notes on pages 22 to 55 form part of these financial statements.

Notes to the Financial Statements

1. Principal Accounting Policies

General Information

Sanctuary Scotland Housing Association Limited (the Association) is registered in Scotland under the Co-operative and Community Benefit Societies Act 2014 (number 2508RS) and is a Scottish registered charity (number SC024549), also registered with the Scottish Housing Regulator (number HEP302). The Association is registered in Scotland and domiciled in the UK.

Statement of compliance

The Association's financial statements have been prepared and approved by the Board of Management in accordance with UK-adopted International Accounting Standards. They are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP) and the Determination of Accounting Requirements 2024 where these do not conflict with IFRS.

The following list details new standards, amendments and interpretations which are not yet effective, which may have an impact on the accounting within the Association's Financial Statements in future periods:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: (annual periods beginning on or after 1 January 2026).
- Amendments to IFRS 18 Presentation and Disclosure in Financial Statements (annual periods beginning on or after 1 January 2027).

Other forthcoming standards, amendments or interpretations which are not covered within the above are unlikely to impact the Financial Statements of the Association.

Basis of preparation

The financial statements are presented in pounds sterling which is the Group's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest £1,000.

Going Concern

The Association's principal activities, together with factors likely to affect its future performance, are set out in the Board of Management's report on pages 4 to 13.

The financial statements have been prepared on a going concern basis which the Board considers to be appropriate for the following reasons.

The Board's assessment of the Association's ability to continue as a going concern is based on consideration of cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which show that the Association will have sufficient funds to continue to meet its liabilities as they fall due. In forming their view the Board has taken into consideration that Sanctuary Housing Association, the Association's ultimate parent, has provided a letter of support to the Board of the Association to confirm that it intends, should the need arise, to provide financial and or other support to the Association, including, if required, not seeking repayment of amounts currently made available (note 15 - £4,819,000 at 31 March 2026 (2025: £4,537,000)), for the period covered by the forecasts.

As with any entity placing reliance on other group entities for financial support, the Board acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the Financial Statements (continued)

1. Principal Accounting Policies (continued)

Going Concern (continued)

Consequently, the Board are confident that the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Critical accounting judgements

In the process of applying the Association's accounting policies, management have made certain judgements which have a significant impact upon the financial statements, these are detailed below.

Classification of property

A degree of judgement is required over whether property held by the Association is treated as property, plant and equipment or as investment property.

Investment property is property held to earn rentals or for capital appreciation or both. The Association considers all of its commercial property to fall under this definition.

Property held for use in the production or supply of services or for administrative purposes is treated as property, plant and equipment. The Association has therefore classified its office buildings (held for administrative purposes) as property, plant and equipment.

A greater degree of judgement is required over the classification of housing property held for social lettings. It is the Association's opinion that whilst rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment. This treatment is consistent with housing associations that have chosen the alternative option of applying UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion; it is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Critical accounting estimates and assumptions

The preparation of the Association's Financial Statements requires management to make estimates and assumptions that affect reported carrying amounts of assets and liabilities.

Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. There are no estimates and assumptions within these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Other Accounting Judgements, Estimates and Assumptions
Expected Credit Losses on Trade Receivables and Contract Assets

Under IFRS 9, as long as there is no significant financing component, loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument (see note 19). Due to the diverse activities of the Association a range of different methodologies are used to derive ECLs for the different operational areas, taking into account factors such as service type, customer type, customer status, age of debt, level of debt and legal status. Outcomes have been assessed by using both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment.

Notes to the Financial Statements (continued)

1. Principal Accounting Policies (continued)

Other Accounting Judgements, Estimates and Assumptions (continued)

Provisions

A provision is recognised when the Association has a measurable present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, by their nature, have a degree of uncertainty over the timing or amount of the future expenditure required in settlement. Management determines the level of an obligation by considering the range of possible outcomes and estimating the probable financial effect of settlement using judgement based on past experience and, where applicable, information provided by independent experts. Details of the provisions held within the Association are included in note 17.

Climate change

The Association has considered the impact of climate change in preparing these financial statements, in the context of its Environment and Climate Change Strategy.

Climate change mitigation activities are already well underway by the Association, with a short-term target of halving operational carbon emissions by 2030. The Association continues to invest in environmental initiatives to drive decarbonisation, and the effect that these initiatives may have on existing asset component lives is kept under constant review. To date, works have been within existing life cycles or additive in nature and so have not been indicative of a shortening of component lives.

Climate risks are considered when assessing assets for impairment. The review of physical climate-related risks such as flooding, changes in temperature and extreme weather events, has not resulted in identification of indicators of impairment for the Association's assets. When determining cash flows for value in use calculations, climate change is deemed to have a negligible impact on the Association's income streams and maintenance requirements in the short or medium term and so no adjustments have been required.

The Association continues to improve sustainability standards in the construction of new homes in a range of ways to reduce carbon emissions and to minimise exposure to physical climate change risks in the future.

Whilst there is currently no material impact expected from climate change over the short to medium term, the Association will continue to assess the risks of climate change against judgements and estimates made in preparation of the Association's financial statements.

Revenue

Many of the Association's activities involve a high number of end service users, each of whom has a separate contract. However, for each activity type (for example, general needs housing) there is very little variation in the substance of the individual contracts. In arriving at its conclusions over application of IFRS 15, management has therefore applied the practical expedient that allows application of the Standard to portfolios of contracts with similar characteristics, rather than to individual contracts. Management believes that the effect on the Financial Statements of applying the Standard to the portfolios does not differ materially from applying the Standard to the individual contracts within the portfolios.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

For leased assets, the Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Property, plant and equipment and depreciation (continued)

direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Land and buildings:

Land and buildings consists of housing properties for social rent. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits is excluded from the scope of investment property and accounted for as PPE. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

- cost of acquiring land and buildings;
- construction costs including internal equipment and fitting;
- directly attributable development administration costs;
- cost of capital employed during the development period;
- expenditure incurred in respect of improvements and extensions to existing properties; and
- construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Expenditure on housing properties which is capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 – 125 years
Doors and door entry systems	10 – 40 years
Bathrooms	15 – 40 years
External works	20 – 25 years
Heating systems	15 – 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years

The acquisition and disposal of properties is accounted for on the date when completion takes place.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Offices, plant and equipment:

Assets are stated at cost (this includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition for its intended use) less accumulated depreciation, which is charged on a straight line basis to write off assets over their expected economic useful lives as follows:

Freehold land and buildings (offices)	10 – 40 years
Leasehold land and buildings (offices)	Over the period of the lease
Furniture and equipment	4 – 10 years
Motor vehicles	4 – 7 years
Computer equipment (excluding software)	4 – 10 years

Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. The Association classifies its commercial property as investment property and has chosen to apply the cost model; they are therefore stated at cost less accumulated depreciation.

Depreciation on investment properties is charged on a straight-line basis to write off assets over their expected economic useful lives as follows:

Investment property	As per property, plant and equipment

Borrowing costs and development administration costs

Interest on the Association's borrowings is capitalised when directly attributable to the construction of an asset that necessarily takes a substantial amount of time to get ready for its intended use or sale. Qualifying assets are properties under construction for sale or rental. The interest is either on borrowings specifically financing a scheme (after deduction of interest on grants received in advance) or the weighted average borrowing rate across net borrowings deemed to be financing a scheme. Where a scheme has grant in excess of costs, interest receivable is accrued against the balance.

Labour costs of the Association's own employees that are incurred in relation to the development of properties, whether for sale or rental, are also capitalised.

Assets classified as held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, assets are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the Income Statement.

Where a group of assets is expected to be sold in a single transaction, the Group considers these assets, along with liabilities directly associated with those assets to be a disposal group under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Impairment

Financial assets

At each reporting date, the Association assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI), are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Impairment (continued)

The Association recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost
- contract assets measured at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Association expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. Other loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date
- other debt securities and bank balances for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment and including forward-looking information.

The Association considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Association considers this to be 'Baa3' or higher as per the rating agency Moody's.

Impairment Testing - Property

When an impairment indicator is identified, an impairment review is performed at an individual CGU level and carrying value is compared to recoverable amount, which is defined as the higher of:

- Fair value less selling costs, or
- Value in use.

Should the carrying value of the CGU exceed the higher of these measures, it is impaired to this value, with the movement going through the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A valuation technique that may be used to determine fair value is the cost approach, which reflects the amount that would be required currently to replace the service capacity of the asset (current replacement cost). For social housing properties this is depreciated replacement cost (DRC) of the property.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Impairment (continued)

To determine the DRC, the Association uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

Value in Use (VIU) is the present value of the future cash flows expected to be derived from the CGU, established by estimating future cash inflows and outflows from the use of the asset and applying an appropriate discount rate to those cash flows.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Association becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

a) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Financial instruments (continued)

Business model assessment

The Association makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the funding needs of the Association;
- how the performance of the assets is evaluated and reported to the Association's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the contractual cash flows; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment of contractual cash flows that are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Association considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Association considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features
- prepayment and extension features
- terms that limit the Association's claim to cash flows from specified assets (for example non-recourse features).

b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

a) Financial assets

The Association derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Financial instruments (continued)

The Association enters into transactions whereby it transfers assets recognised in its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

b) Financial liabilities

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Association also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financing costs

Costs which are incurred directly in connection with the raising of private finance are deducted from the liability and amortised over the term of the loan on a consistent periodic rate of charge. Premiums or discounts on financial instruments are amortised using the effective interest rate basis or a straight-line basis where it can be demonstrated that there is no material difference between the two methods.

Leasehold service charge sinking funds

The Association is required to set aside sums for future maintenance of certain properties subject to leasehold arrangements. These sums are held in a separate bank account to which interest is added. Amounts accumulated in the fund are included within trade and other receivables and within trade and other payables.

Unutilised contributions to sinking funds and over recovery of service costs repayable to tenants/leaseholders are shown in liabilities (including any interest). Where there has been an under recovery of variable service charges, the balance is included within receivables to the extent it is recoverable.

Shared Equity Housing

Properties developed under the Scottish Government's shared equity initiative are funded by grant and ultimate sales proceeds. For properties commenced and completed before 1 April 2008, the net investment in shared equity properties is shown on the face of the Statement of Financial Position as investments and carried at historical cost with the linked finance cost, being the grant received, deducted from the gross amount of the shared equity asset. Shared equity properties under construction are shown in inventory, while completed properties commenced and completed after 1 April 2008 are not disclosed in the financial statements, as any interest in the completed property is held by the Scottish Government.

New Supply Shared Equity (NSSE)

The Association administers the sale of homes in Scotland through the Scottish Government's New Supply Shared Equity (NSSE) scheme. Buyers purchase between 60 per cent and 80 per cent of their new build home's value, with the Scottish Government retaining the remaining 20 per cent to 40 per cent stake in the form of a mortgage.

Under IFRS 15, in administering this scheme, the Association is deemed to be acting in an agency capacity, developing properties and arranging sales on behalf of the Scottish Government who is the principal in the arrangement. As an agent, the Association does not recognise revenue and costs from the sale of these properties within its own Financial Statements.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Housing Association Grant (HAG) and other public grant

Where developments have been financed wholly or partly by HAG and/or other public grant, the amount of grant received is offset against the cost of developments on the Statement of Financial Position. In instances where grant for the development programme exceeds development costs, an amount equal to the excess is held in other payables. Similarly if grant is receivable for the development programme in arrears the amount is accrued in other receivables.

Retirement benefits

The Association ceased to be a participating employer in both defined benefit schemes on 31 December 2024.

For defined contribution arrangements, the cost charged to the Statement of Comprehensive Income represents the Association's contributions to those schemes in the financial year in which they fall due.

2. Revenue

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Association recognises revenue when it transfers control over a service to a customer.

A significant proportion of the Association's income is derived from contracts of 'residential occupation'. Management has determined that social housing tenancies do not meet the definition of leases; consequently they are treated as revenue contracts under IFRS 15.

As per the Standard, revenue must be recognised either over time or at a point in time. All of the Association's activities are services where the customer consumes the benefits of performance simultaneously with the Association performing and so revenue is recognised over time.

IFRS 15 requires that the incremental costs of obtaining a contract with a customer are capitalised if those costs are expected to be recovered through future services to the customer. The Association does not incur costs such as sales commissions in obtaining contracts and any pre-contract costs that are incurred are not incremental, consequently no asset of this nature has been recognised. The Association continually reviews costs incurred in fulfilling contracts to determine if they require capitalisation under the Standard.

Contract assets arise when the Association has rights to consideration in exchange for services that have transferred to a customer, but those rights are conditional on something other than the passage of time.

Contract liabilities are obligations to transfer services to a customer for which the Association has received consideration, or for which an amount of consideration is due from a customer. Such balances include payments received in advance and deferred income.

Contract receivables are unconditional rights to consideration where only the passage of time is required before payment becomes due. Such balances include rental receivables, other trade receivables and accrued income. The Association has presented contract liabilities as separate line items on the Statement of Financial Position while contract receivables are included within trade and other receivables.

Notes to the Financial Statements (continued)

2. Revenue (continued)

Nature of services and revenue recognition

The following is a description of the principal activities from which the Association derives its revenue.

Service	Nature, timing of satisfaction of performance obligations and significant payment terms
Social housing lettings income	Social housing lettings income relates to rent and service charges received from social housing tenancies, which may be classified as general needs or supported housing. Revenue is recognised over time based on rental periods, in accordance with tenancy agreements. Where periodic timing differences arise between billing and rental periods, then revenue is accrued or deferred accordingly. Some older tenancy agreements include rent-free periods each year, in these cases income is accrued or deferred in order to recognise the rent-free periods on a straight-line basis over 52 weeks. Tenants generally pay weekly or monthly in advance.
Supporting People income	Supporting People income is a specific form of revenue received from local authorities to provide housing-related support services to vulnerable individuals. Revenue is recognised based either on support hours delivered in a period (spot contracts) or at a fixed amount each period (block contracts), depending on the specific agreement. Billing is predominantly done on a four-week cycle.
Managed schemes	Managed schemes income relates primarily to property factoring income which is recognised over time, similar to service charges. Billing is generally six monthly in arrears.
Other income	Other income relates primarily to revenue due from the Company's subsidiary, Sanctuary Homes (Scotland) Limited, which lets properties to external tenants in an agency capacity. Revenue recognition is similar to social housing lettings income.

Disaggregation of revenue

In the following table, revenue is disaggregated by major services using the same headings as the note prepared to meet the requirements of the Determination of Accounting Requirements 2024 (note 3 and 4).

Year ended 31 March 2026 **Revenue recognised over time**	**Rented housing £'000**	**Supported housing £'000**	**Other activities £'000**	**Total £'000**
Income from social housing lettings	51,671	2,562	-	**54,233**
Managed schemes	-	-	889	**889**
Other	-	-	3,097	**3,097**
Total revenue over time	**51,671**	**2,562**	**3,986**	**58,219**
Less lease income	**-**	**-**	(173)	**(173)**
Revenue from contracts with customers	**51,671**	**2,562**	**3,813**	**58,046**

Notes to the Financial Statements (continued)

2. Revenue (continued)

Disaggregation of revenue (continued)

Year ended 31 March 2025 **Revenue recognised over time**	**Rented housing £'000**	**Supported housing £'000**	**Other activities £'000**	**Total £'000**
Income from social housing lettings	48,395	2,440	-	**50,835**
Managed schemes	-	-	861	**861**
Other	-	-	2,830	**2,830**
Total revenue over time	**48,395**	**2,440**	**3,691**	**54,526**
Less lease income	**-**	**-**	(124)	**(124)**
Revenue from contracts with customers	**48,395**	**2,440**	**3,567**	**54,402**

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2026 £'000	**2025 £'000**
Contract receivables (included in trade and other receivables)		
Tenant rental receivables net of expected credit loss (note 13)	2,138	1,898
Other trade receivables (note 13)	1,685	1,254
Accrued income (note 13)	1,181	2,481
	5,004	**5,633**
Contract liabilities		
Payments received in advance	2,908	2,658
Deferred income	383	219
	3,291	**2,877**

The Association applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes to the Financial Statements (continued)

3. Revenue, Operating Costs and Operating Surplus

	2026 Revenue £'000	2026 Operating costs £'000	2026 Other gains and losses £'000	2026 Operating surplus £'000	2025 Operating surplus £'000
Social housing lettings	54,233	(31,176)	-	23,057	26,887
Other activities	3,986	(1,286)	-	2,700	2,522
Other gains and losses	-	-	22	22	-
Total	**58,219**	**(32,462)**	**22**	**25,779**	**29,409**
Total for previous year	**54,526**	**(25,117)**	**-**	**29,409**	

4a. Income and Expenditure from Social Housing Lettings

	Rented housing £'000	Supported housing £'000	2026 Total £'000	2025 Total £'000
Income from lettings				
Rents receivable	50,614	2,316	52,930	49,602
Service charges	1,556	290	1,846	1,720
Gross income from rents and service charges	52,170	2,606	54,776	51,322
Less voids	(517)	(56)	(573)	(513)
Net income from rents and service charges	**51,653**	**2,550**	**54,203**	**50,809**
Other income	18	12	30	26
Total income from social letting activities	**51,671**	**2,562**	**54,233**	**50,835**
Expenditure on lettings				
Management and maintenance administration costs	(6,515)	(24)	(6,539)	(5,114)
Services costs	(5,693)	(586)	(6,279)	(4,079)
Reactive maintenance	(9,151)	(439)	(9,590)	(8,240)
Planned and cyclical maintenance	(3,088)	(135)	(3,223)	(2,158)
Bad debts – rents and service charges	(267)	(35)	(302)	(693)
Depreciation of social housing	(4,958)	(285)	(5,243)	(3,664)
Operating costs from social letting activities	**(29,672)**	**(1,504)**	**(31,176)**	**(23,948)**
Operating surplus from social letting activities	**21,999**	**1,058**	**23,057**	**26,887**
Operating surplus from social letting activities for previous year	**25,680**	**1,207**	**26,887**	

Notes to the Financial Statements (continued)

4b. Income and Expenditure from Other Activities

	2026 Other income £'000	2026 Other operating costs £'000	2026 Operating surplus/ (deficit) £'000	2025 Operating surplus/ (deficit) £'000
Managed schemes	889	(407)	482	564
Development administration	-	(6)	(6)	(15)
Supporting People contract income	-	-	-	-
Other property income	3,068	(844)	2,224	1,973
Other	29	(29)	-	-
Total from other activities	**3,986**	**(1,286)**	**2,700**	**2,522**
Total from other activities for the previous year	**3,691**	**(1,169)**	**2,522**	

5. Operating Surplus

	2026 £'000	2025 £'000
The operating surplus is arrived at after charging:		
Depreciation of property, plant and equipment (note 10)	5,567	3,965
Depreciation of investment property (note 11)	3	3
Surplus on the sale of property, plant and equipment (note 8)	22	-
Auditor's remuneration – audit	65	35

There were no non-audit services in the year or the prior year.

6. Board of Management Members' Emoluments

Total remuneration paid to Members of the Board of Management by the parent undertaking, Sanctuary Housing Association, amounted to £26,000 (2025: £20,000).

The Members of the Board of Management were reimbursed for expenses necessarily incurred in the conduct of their duties amounting to £2,605 (2025: £3,631).

Notes to the Financial Statements (continued)

7. Employee Information

	2026 £'000	2025 £'000
Employee costs charged during the period amounted to:		
Wages and salaries	2,173	1,758
Social security costs	253	170
Other pension costs	116	179
	2,542	**2,107**

	2026 Number	2025 Number
The average monthly number of persons employed during the period expressed in full-time equivalents was:		
Site based staff	2	2
Office based staff	55	49
	57	**51**

Full-time equivalents have been calculated based on hours worked compared to the standard level of working hours per week for an equivalent employee in the same business area.

8. Other gains and losses

	2026 £'000	2025 £'000
Proceeds from sale of property, plant and equipment	38	-
Cost of disposals	(16)	-
	22	-

9. Finance income and costs

a) Finance income

	2026 £'000	2025 £'000
Interest receivable from:		
Short-term cash deposits	140	169
Other interest	1	3
	141	**172**

b) Finance costs

	2026 £000	2025 £000
Interest on loans from Group undertakings	13,294	13,884
Interest on external loans	1,540	1,608
Amounts transferred to housing properties in the course of construction	(915)	(1,159)
Net finance credit of defined benefit pension schemes	-	(208)
Interest in respect of right-of-use assets	5	5
	13,924	**14,130**

Interest has been capitalised on active development schemes at rates in a range of 4.09% to 4.33% (2025: 4.33% to 4.54%).

Notes to the Financial Statements (continued)

10. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Offices £'000	Under construction £'000	Total £'000
Cost					
Balance at 1 April 2024	851,488	506	1,199	101,378	954,571
Additions	5,035	85	-	36,555	41,675
Transfers at completion	68,509	-	-	(68,509)	-
Other transfers	858	-	-	7,797	8,655
Disposals	(297)	-	-	-	(297)
Balance at 31 March 2025	925,593	591	1,199	77,221	1,004,604
Balance at 1 April 2025	925,593	591	1,199	77,221	1,004,604
Additions	6,322	42	-	34,131	40,495
Transfers at completion	60,524	-	-	(60,524)	-
Other transfers	(104)	-	-	-	(104)
Disposals	(573)	(77)	-	-	(650)
Balance at 31 March 2026	991,762	556	1,199	50,828	1,044,345
Depreciation and impairment					
Balance at 1 April 2024	29,713	371	228	-	30,312
Depreciation charge	3,905	50	10	-	3,965
Disposals	(297)	-	-	-	(297)
Balance at 31 March 2025	33,321	421	238	-	33,980
Balance at 1 April 2025	33,321	421	238	-	33,980
Depreciation charge	5,512	45	10	-	5,567
Other transfers	(15)	-	-	-	(15)
Disposals	(618)	(75)	-	-	(693)
Balance at 31 March 2026	38,200	391	248	-	38,839
Housing association grant					
Balance at 1 April 2024	393,030	-	-	64,057	457,087
Additions	162	-	-	16,667	16,829
Transfers at completion	28,539	-	-	(28,539)	-
Balance at 31 March 2025	421,731	-	-	52,185	473,916
Balance at 1 April 2025	421,731	-	-	52,185	473,916
Additions	423	-	-	15,381	15,804
Transfers at completion	30,666	-	-	(30,666)	-
Disposals	(54)	-	-	-	(54)
Balance at 31 March 2026	452,766	-	-	36,900	489,666
Net book value					
31 March 2026	500,796	165	951	13,928	515,840
31 March 2025	470,541	170	961	25,036	496,708
1 April 2024	428,745	135	971	37,321	467,172

Notes to the Financial Statements (continued)

10. Property, plant and equipment (continued)

Annual impairment review

The Association annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1 and below. The Association has determined that for the purposes of impairment testing, each property is a cash-generating unit.

Social housing assets are considered to have indicators of impairment when they are awaiting demolition as part of a re-development programme or have been vacant for a significant period of time and have a carrying value above average depreciated replacement cost. In the current and prior year, the carrying value of social housing properties identified with indicators of potential impairment was not material to the Association (2025: not material) and so further impairment tests were not deemed necessary.

Assets pledged as security

Property with a pre-grant carrying amount of £366,989,000 (2025: £367,030,000) has been pledged to secure borrowings.

11. Investment property

	£'000
Cost	
Balance at 1 April 2024/1 April 2025 and 31 March 2026	1,067
Depreciation	
Balance at 1 April 2024	35
Charge for the year	3
Balance at 31 March and 1 April 2025	38
Charge for the year	3
Balance at 31 March 2026	41
Other grant	
Balance at 1 April 2024/1 April 2025 and 31 March 2026	451
Net book value	
31 March 2026	**575**
31 March 2025	**578**
1 April 2024	**581**

The Association annually reviews investment properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further review. The Association has determined that for the purposes of impairment testing, each property is a cash-generating unit.

Commercial property is considered to have indicators of impairment if it has been vacant for a significant period of time or if there has been a significant decline in market value. For the year ended 31 March 2026 no commercial property (2025: none) was identified as having indicators of potential impairment.

Fair value of investment property

The estimated fair value of the investment property is £1,190,532 (2025: £1,399,000). The fair values of commercial properties are level 3 valuations determined by management using an income capitalisation approach based on rental income and market yields. The valuations of commercial properties are not considered to be materially sensitive to changes in the unobservable inputs.

Notes to the Financial Statements (continued)

12. Other Investments

	2026 £'000	2025 £'000
Shared Equity		
- Investment	1,545	1,545
- Grant	(1,545)	(1,545)
	-	-
Investment in shares – Energy Prospects Co-operative Limited	1	1
Subsidiary Company – Sanctuary Homes (Scotland) Limited	-	-
Total other investments	**1**	**1**

Properties developed under the Scottish Government's shared equity initiative are funded by grant and ultimate sales proceeds. The net investment in shared equity properties is carried at historical cost with the linked finance cost, being the grant received, deducted from the gross amount of the shared equity asset in line with the SORP.

Sanctuary Homes (Scotland) Limited is a wholly owned subsidiary of the Association. It was incorporated in Scotland under the Companies Act in February 2017. The principal activity of Sanctuary Homes (Scotland) Limited is the management of real estate on an agency basis on behalf of the Association.

The Association owns 1,073 shares (2025: 1,073 shares) in Energy Prospects Co-operative Limited and 1 share (2025: 1 share) in Sanctuary Homes (Scotland) Limited.

13. Trade and other receivables

	2026 £'000	2025 £'000
Current:		
Tenant rental receivables (note 19)	2,138	1,898
Other trade receivables (note 19)	1,685	1,254
Amounts due from fellow Group undertakings	3,113	2,957
Prepayments	208	155
Accrued income	1,181	2,481
NSSE receivables	1,664	1,664
Other receivables	9	11
	9,998	**10,420**

Amounts due from parent and fellow Group undertakings are trading in nature, repayable on demand and do not bear interest.

14. Assets classified as held for sale

	2026 £'000	2025 £'000
Property	89	-

Assets held for sale relates to a property due to be sold within the next 12 months to Aberdeen City Council.

Notes to the Financial Statements (continued)

15. Trade and other payables

	2026 £'000	2025 £'000
Current:		
Trade payables	434	546
Amount due to Group entities	4,819	4,537
Other payables	479	472
Accruals	10,434	12,758
Grants received in advance	331	331
	16,497	**18,644**

Amounts due to parent and fellow Group undertakings are trading in nature, are repayable on demand and do not bear interest.

16. Loans and borrowings

	2026 £'000	2025 £'000
Current:		
Amounts owed to Group undertakings	3,066	3,059
Bank loans and mortgages	1,068	1,173
Lease liability (Note 18)	35	26
	4,169	4,258
Non-current:		
Amounts owed to fellow Group entities	311,110	304,175
Senior notes and debenture stock	10,000	10,000
Bank loans and mortgages	14,344	15,890
Lease liability (Note 18)	20	54
	335,474	330,119
Total loans and borrowings	**339,643**	**334,377**

Details on interest rates are contained in note 19.

Based on the lender's earliest repayment date, borrowings fall due as follows:

	2026 £'000	2025 £'000
In one year or less	4,169	4,258
Between one and two years	4,178	15,328
Between two and five years	97,953	70,431
In five years or more	233,343	244,360
	339,643	**334,377**

Notes to the Financial Statements (continued)

17. Provisions

	Property related £'000	Total £'000
At 1 April 2025	448	448
Utilised during the year	(133)	(133)
Provided during the year	207	207
At 31 March 2026	522	522
Ageing of provisions – expected utilisation		
Under one year	522	522
Over one year	-	-
At 31 March 2026	522	522

Property related provisions relate to obligated major works on buildings.

All provisions are short-term and are expected to be utilised within one year.

18. Leases

Lessee arrangements

Leases in the Association most commonly run for a period of 3 years. Leases will be typically appraised prior to expiry of the initial term of the contract or at the next break opportunity. A decision to either terminate or renew the lease will be undertaken. Leases that pass the initial term without a decision will continue in a holdover period until resolved.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 10).

Right-of-use assets included within Property, plant and equipment

	Land and buildings £'000
Cost	
Balance as at 1 April 2025	528
Additions	36
Balance as at 31 March 2026	**564**
Depreciation and impairment	
Balance as at 1 April 2025	417
Depreciation charge for the year	35
Balance as at 31 March 2026	**452**
Net book value	
31 March 2026	112
31 March 2025	111

Notes to the Financial Statements (continued)

18. Leases (continued)

Amounts recognised in the Statement of Comprehensive Income

	2026 £'000	2025 £'000
Interest on lease liabilities	5	5
Depreciation charge for right-of-use assets	35	49
	40	**54**

Amounts recognised in the Statement of Cash Flows

	2026 £'000	2025 £'000
Total cash outflow for leases	65	58

Lease liabilities

Undiscounted lease payments to be made under lease arrangements fall due as shown below.

	2026 £'000	2025 £'000
Land and buildings:		
Under one year	40	30
In the second to fifth year inclusive	25	62
Total gross payments	65	92
Financing costs	(10)	(12)
Net lease liability	**55**	**80**

The present value of amounts payable under leases is as follows:

	2026 £'000	2025 £'000
Land and buildings:		
Under one year	35	26
In the second to fifth year inclusive	20	54
	55	**80**

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent payments.

Lessor arrangements

It has been determined that contracts of residential occupation do not meet the definition of a lease under IFRS 16. A small proportion of the Association's income is derived from commercial arrangements that do meet the definition of a lease under IFRS 16 and these are discussed further below.

The Association undertakes an assessment of the financial and operational viability of any potential lessee for a new lease and as such will determine the most appropriate lease terms to put in place. Negotiation of these lease terms will consider the most appropriate terms to ensure they are not unduly onerous or prohibitive and ensure any value continues to be realised or enhanced from the property.

There are no variable lease payments that do not depend on an index or a rate.

Notes to the Financial Statements (continued)

18. Leases (continued)

During the year ended 31 March 2026, income from operating leases was £173,000 (2025: £124,000).

Amounts receivable under operating leases are due as follows:

	2026	2025
	£'000	£'000
Under one year	165	165
Between one and two years	165	165
Between two and three years	80	165
Between three and five years	160	160
In more than five years	350	430
	920	**1,085**

19. Financial instruments and risk management

Financial risk management objectives and policies

The Group's Treasury function is responsible for the management of funds and control of the associated risks. Other financial risks, for example arrears, are the responsibility of other teams within the Group's finance function. Treasury and finance activities are governed in accordance with the Board approved policy and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee.

Where financial instruments are measured in the Statement of Financial Position at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Association's financial instruments include:

Financial assets

Financial assets at amortised cost - current

	2026	2025
	£'000	£'000
Rental receivables (note 13)	2,138	1,898
Other trade receivables (note 13)	1,685	1,254
NSSE receivables (note 13)	1,664	1,664
Other receivables (note 13)	9	11
Amounts due from Group entities (note 13)	3,113	2,957
Cash and cash equivalents	2,915	6,108
	11,524	**13,892**

Of the above loans and receivables balances, rental receivables, amounts due from parent undertaking, amounts due from Group entities and other receivables £8,609,000 (2025: £7,784,000) derive from current trade and other receivables balances on the Statement of Financial Position. Trade and other receivables totalled £9,998,000 at 31 March 2026 (2025: £10,420,000). The remaining balances of £1,389,000 (2025: £2,636,000) are not considered to fall within the definition of a financial asset.

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Financial liabilities

Financial liabilities at amortised cost - current

	2026 £'000	2025 £'000
Debt finance excluding setup costs	4,461	4,454
Trade payables (note 15)	434	546
Amounts due to Group entities (note 15)	4,819	4,537
Other payables (note 15)	479	472
Lease liability (note 18)	35	26
	10,228	**10,035**

Current trade and other payables as disclosed in the Statement of Financial Position totalled £16,497,000 (2025: £18,644,000). The difference between the Statement of Financial Position and the amounts disclosed above is £10,765,000 (2025: £13,089,000) and relates to balances that are not considered to fall within the definition of a financial liability. Debt finance consists of loans and mortgages and is presented before deducting setup costs.

Notes to the Financial Statements (continued)

Financial liabilities at amortised cost – non-current

	2026 £'000	2025 £'000
Debt finance excluding setup costs	337,053	331,515
Lease liability (note 18)	20	54
	337,073	**331,569**

Debt finance consists of loans and is presented before deducting setup costs.

Total current and non-current financial liabilities at 31 March 2026 were £347,301,000 (2025: £341,604,000).

All significant inputs required to value the above instruments are observable and, as such, the Association has classified them as level 2.

Valuation

Balances are valued in accordance with note 1 Principal Accounting Policies – Financial Instruments.

Where applicable, all assets and liabilities at fair value through the Income Statement are designated as such on initial recognition.

Bank loans and mortgages are measured at book value. However, fair value can be calculated and these are disclosed in note 19a.

Analysis of risks

a) Interest rate risk and exposure

Interest rate risk is defined as the risk that interest rates may change in the future materially affecting the Association's liabilities and cash flows.

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Analysis of risks (continued)

The interest rate exposure of the Association net debt at 31 March 2026 was:

	£'000	%
Fixed rate financial liabilities	227,177	67
Variable rate financial liabilities	112,466	33
	339,643	**100**

The weighted average interest rate of the Association's total financial liabilities is 4.10% (2025: 4.32%). The weighted average life of fixed rate financial liabilities is 18.3 years (2025: 18.3 years). The Association operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs.

The Association's cash flow interest rate risk relates to:

- fixed rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £575,000 (2025: £622,000).
- variable rate financial instruments which are subject to rate changes – a 10% increase in interest costs would result in an additional charge of £537,000 (2025: £484,000).

a) Interest rate risk and exposure (continued)

A comparison of the book value to fair value of Association's long-term borrowings at 31 March 2026 is set out below.

	2026 Book Value £'000	2026 Fair Value £'000
Bank loans and mortgages (note 16)	14,344	14,349
Amounts owed to Group entities (note 16)	311,110	255,909
Senior notes and debenture stock (note 16)	10,000	7,100
Lease Liability (notes 16 and 18)	20	20
	335,474	**277,378**

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above.

(i) The book value of loans with a maturity of less than one year is assumed to equate to their carrying value. They have therefore been excluded from the table above.
(ii) The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.
(iii) The fair value of balances shown above at a variable rate of interest is assumed to approximate to their book value.

Interest rate risk applies to debt finance.

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Analysis of risks (continued)

b) Liquidity risk

Liquidity risk is the risk that the Association will fail to be able to access liquid funds - either through:

- lack of available facilities; or
- lack of secured, but available, facilities; or
- lack of identification of need to draw on available facilities.

The Treasury function ensures the above risks are managed by preparing cash forecasts on a daily and longer term basis to ensure that short and longer term requirements are known. The forecasts are cautious in the approach and are constantly updated to allow for sensitivity in assumptions. These are reported to the Group Chief Financial Officer on a fortnightly basis. The forecasts identify when draw-downs on existing facilities are required and when existing facilities expire. Further facilities are negotiated and secured well in advance of them being needed for drawdown.

The Treasury function also manages a database of the Association's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value is gained from the Association's stock. These systems ensure that facilities are available to the Association which are secured and available to draw on as required.

The Association's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Association to meet its financial obligations.

The Association has not defaulted on any of its loan arrangements in the year.

Liquidity risk applies to cash and all payables balances.

Contractual cash flows for all financial liabilities

The following is an analysis of the anticipated contractual cash flows including interest and finance charges payable for financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans, mortgages and deferred finance. Interest is calculated based on debt held at 31 March. Floating rate interest is estimated using the prevailing interest rate at the reporting date.

At 31 March 2026	**Debt**	**Interest on debt**	**Lease liability**	**Other liabilities not in net debt**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Due less than one year	(4,354)	(15,241)	(40)	(5,732)	(25,367)
Between one and two years	(4,354)	(14,829)	(16)	-	(19,199)
Between two and three years	(45,585)	(13,959)	(9)	-	(59,553)
Between three and four years	(18,509)	(11,972)	-	-	(30,481)
Between four and five years	(34,009)	(11,094)	-	-	(45,103)
Greater than five years	(236,429)	(107,180)	-	-	(343,609)
Gross contractual cash flows	(343,240)	(174,275)	(65)	(5,732)	(523,312)

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Analysis of risks (continued)

Contractual cash flows for all financial liabilities (continued)

At 31 March 2025	**Debt**	**Interest on debt**	**Lease liability**	**Other liabilities not in net debt**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Due less than one year	(4,354)	(14,675)	(58)	(5,555)	(24,642)
Between one and two years	(15,354)	(14,178)	(51)	-	(29,583)
Between two and three years	(4,354)	(13,589)	(51)	-	(17,994)
Between three and four years	(33,585)	(13,002)	(46)	-	(46,633)
Between four and five years	(32,509)	(11,183)	(35)	-	(43,727)
Greater than five years	(247,438)	(118,167)	-	-	(365,605)
Gross contractual cash flows	(337,594)	(184,794)	(241)	(5,555)	(528,184)

c) Credit risk

Credit risk applies to all debtor balances and to debt finance. The risk falls into two categories: financial and operational.

Financial

It is the Group's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Group's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating. The maximum exposure with a single funder is £13,875,000 as at 31 March 2026 (2025: £14,375,00).

The Group manages credit risk by carrying out monthly credit checks on all counterparties from which the Group either sources funds or places deposits, also allowing the Group to assess whether there has been a significant increase in credit risk at the reporting date. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties.

Operational

The majority of the operational debt at any given time relates to tenants and non-tenants of the Association. These debts are reported to the Board of Management on a regular basis and recovery of debts is coordinated through operational management teams.

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Analysis of risks (continued)

c) Credit risk (continued)

Tenant rental receivable arrears

Gross tenant rental arrears due as at 31 March 2026 totalled £2,926,000 (2025: £2,942,000). Most of this balance was past due as the majority of tenancy agreements state that the rent is due in advance. The age of these arrears was as follows:

	2026 £'000	2025 £'000
Less than 30 days	1,186	932
30 to 60 days	363	547
60 to 90 days	302	344
More than 90 days	1,075	1,119
Balance as at 31 March	**2,926**	**2,942**

There is an expected credit loss against £788,000 (2025: £1,044,000) of this balance leaving a net rental arrears balance of £2,138,000 (2025: £1,898,000) (see note 13).

Tenant rental receivable arrears expected credit loss

	2026 £'000	2025 £'000
Balance as at 1 April	744	674
Provided in the year	442	847
Amounts written off	(398)	(477)
Balance as at 31 March	**788**	**1,044**

Under IFRS 9, loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

Other trade receivables

Gross other trade receivables balances as at 31 March 2026 totalled £1,861,000 (2025: £1,394,000). Of this balance £1,426,000 (2025: £1,327,000) was deemed past due. Normal payment terms are 30 days. The age of gross other trade receivables balances was as follows:

	2026 £'000	2025 £'000
Less than 30 days	435	67
30 to 60 days	178	81
60 to 90 days	-	10
More than 90 days	1,248	1,236
Balance as at 31 March	**1,861**	**1,394**

There is an expected credit loss against £176,000 (2025: £140,000) of this balance leaving a net other trade receivables balance of £1,685,000 (2025: £1,254,000) (see note 13).

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Analysis of risks (continued)

c) Credit risk (continued)

Other trade receivables expected credit loss

	2026 £'000	2025 £'000
Balance as at 1 April	140	130
Provided for	262	20
Amounts written off	(226)	(10)
Balance as at 31 March	**176**	**140**

Under IFRS 9, loss allowances for trade receivables are measured at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are a probability-weighted estimate of credit losses that result from all possible default events over the expected life of a financial instrument.

The maximum credit risk at 31 March 2026 and 2025 was as follows:

	2026 £'000	2025 £'000
Receivables	8,609	7,784
Cash and cash equivalents	2,915	6,108
	11,524	**13,892**

d) Concentration risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile.

Management determines concentrations of risk through its standard risk management procedures, as detailed in the review of business activities in the Board of Management's report.

Management considers the Association's main concentration of risk to be within rent and service charge arrears. The shared characteristic of this concentration is the social demographic of the client base that can be linked to lower credit quality. However, the arrears are from a number of types of tenancy:

- Rental
- Sheltered housing
- Supported housing
- Home ownership

A reduced level of risk is associated with home ownership residents.

The maximum exposure to this risk is equal to the tenant arrears balance (net of provision) at 31 March 2026, £2,138,000 (2025: £1,898,000).

e) Market rate risk

Market risk applies to listed investments. Listed investments are exposed to fluctuations in market values that are outside the Association's control. Listed investments at 31 March 2026 totalled £nil (2025: £nil).

Notes to the Financial Statements (continued)

19. Financial instruments and risk management (continued)

Analysis of risks (continued)

f) Capital

The Association considers its capital balances to be share capital (note 21) and retained earnings (Statement of Changes in Equity).

20. Retirement benefits

In the prior year, the Association participated in two funded defined benefit schemes. All schemes' assets were held in separate funds administered by the Trustees of each scheme. Details are given below.

Strathclyde Pension Fund

The Association was an admitted body of the Strathclyde Pension Fund, part of the Scottish Local Government Pension Scheme. The Association contributed at a rate of 22.5% of pensionable salaries, while members contributed at a rate of between 5.5% and 11.2%. The Association ceased to be a participating employer in the scheme on 31 December 2024.

North East Scotland Pension Fund

The Association was an admitted body of the North East Scotland Pension Fund, part of the Scottish Local Government Pension Scheme. The Association contributed at a rate of 23.7% of pensionable salaries, while members contributed at a rate of between 5.5% and 11.2% of pensionable salaries. The Association ceased to be a participating employer in the scheme on 31 December 2024.

The financial assumptions used to calculate scheme liabilities for defined benefit pension schemes under IAS 19 Employee Benefits at the date of cessation of 31 December 2024 were as follows:

IAS 19 Employee Benefits

	31 December 2024	**31 March 2024**
	%	**%**
Inflation (RPI)	3.20	3.25
Inflation (CPI)	2.85	2.85
Rate of increase in salaries	2.85	2.85
Rate of increase for pensions in payment	2.85	2.85
Rate of increase for deferred pensions	3.20	3.25
Discount rate	5.55	4.85

The figures shown in the table above are general financial assumptions applied, however, the application of assumptions can vary between defined benefit pension scheme actuaries.

On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response to the consultation on reform to retail price index (RPI) methodology. This confirmed that RPI will be aligned with CPIH (consumer price index including owner occupiers' housing costs) from February 2030. To reflect this, the Association has changed the approach to setting the CPI inflation assumption, resulting in a 1.00% per annum deduction to RPI inflation for the period up to 2030 and 0.00% per annum for the period from 2030. This leads to a single equivalent average deduction of 0.35% per annum from the RPI inflation assumption to derive the CPI inflation assumption. Changes in the approach to the setting of RPI and CPI assumptions are reported as a change in financial assumptions in the following tables.

Notes to the Financial Statements (continued)

20. Retirement benefits (continued)

IAS 19 Employee Benefits (continued)

Reconciliation of the effect of the asset ceiling:

	2026 £'000	2025 £'000
Net asset ceiling at 1 April	-	(5,385)
Remeasurement of North East Scotland Pension Fund surplus	-	1,974
Remeasurement of Strathclyde Pension Fund surplus	-	3,411
Interest effect of net asset ceiling	-	-
Net asset ceiling at 31 March	-	-

Both the Strathclyde Pension Fund and North East Scotland Pension Fund were valued at a net asset position in the year 2023/2024. Recognition of the pension surplus was restricted to the economic benefit available to the Association in the form of a reduction in future contributions to the pension schemes. In restricting this surplus, the Association applied the asset ceiling in accordance with IAS 19. In the year ended 31 March 2025, the asset restrictions were reversed through Other Comprehensive Income in order to reinstate the opening asset position as part of the cessation accounting procedures.

Scheme assets and liabilities are reflected in the Statement of Financial Position:

In the current year there are no scheme assets and liabilities reflected in the Statement of Financial Position as the schemes ceased on 31 December 2024 (2025: £nil).

An analysis of the expense reflected in the Statement of Comprehensive Income:

Amounts charged to operating surplus:	2026 £'000	2025 £'000
Current service cost	-	(48)
Total service cost	-	(48)

Analysis of amount charged to finance cost:	2026 £'000	2025 £'000
Interest income on plan assets	-	702
Interest cost on defined benefit obligations	-	(494)
Total amount credited to finance cost	-	208

The total amount recognised in Other Comprehensive Income:	2026 £'000	2025 £'000
Change in demographic assumptions	-	(37)
Change in financial assumptions	-	1,288
Return on scheme assets excluding interest	-	(1,143)
Movement in net asset ceiling	-	5,385
Total re-measurement gains	-	5,493

Notes to the Financial Statements (continued)

20. Retirement benefits (continued)

Reconciliation of the opening and closing balances of the present value of scheme assets:

	2026 £'000	2025 £'000
Opening fair value of assets	-	19,640
Interest income on plan assets	-	702
Return on plan assets excluding interest	-	(1,143)
Contributions by employer	-	12
Contributions by employees	-	14
Net benefits paid (including expenses)	-	(477)
Cessation of pension schemes	-	(18,748)
Closing fair value of the assets	**-**	**-**

Reconciliation of the opening and closing balances of the present value of scheme liabilities:

	2026 £'000	2025 £'000
Opening defined benefit obligation	-	13,858
Current service cost	-	48
Interest cost	-	494
Contributions by employees	-	14
Change in demographic assumptions	-	37
Change in financial assumptions	-	(1,288)
Net benefits paid (including expenses)	-	(477)
Cessation of pension scheme	-	(12,686)
Closing defined benefit obligation	**-**	**-**

History of defined benefit schemes in the Statements of Financial Position:

	2026 £'000	2025 £'000	2024 £'000	2023 £'000	2022 £'000
Defined benefit obligations	-	-	(13,858)	(16,265)	(22,026)
Scheme assets	-	-	19,640	21,820	24,577
Net surplus before restrictions	-	-	5,782	5,555	2,551

Cessation of defined benefit pension schemes

Following a consultation process with members of the North East Scotland Pension Fund (NESPF) and the Strathclyde Pension Fund (Strathclyde), the Association ceased to be a participating employer in the schemes on 31 December 2024. Exit credits have subsequently been received from both schemes.

Notes to the Financial Statements (continued)

20. Retirement benefits (continued)

Defined Contribution Schemes

The Association participates in defined contribution schemes for members of staff. The cost of the defined contribution schemes amounts to £168,000 (2025: £141,000). As at the year end there was £14,000 of accrued contributions due for payment after the year end (2025: £13,000).

21. Called up share capital

	2026	2025
Each member holds one share of £1 in the Association	£	£
Allotted, issued and fully paid	11	11

Each share carries voting rights but not rights to dividends, distributions on winding up or rights of redemption.

22. Capital commitments

	2026 £'000	2025 £'000
Expenditure contracted	16,095	18,613
Authorised expenditure not contracted	16,792	77,493
	32,887	**96,106**

£84,369,000 (2025: £54,780,000) of the capital commitments will be financed by grant and other public finances with the remainder being financed from existing funds, largely from the parent undertaking or Sanctuary Treasury Limited.

23. Notes to the Statement of Cash Flows

	2026 £'000	2025 £'000
Cash and cash equivalents per Statement of Financial Position	2,915	6,108
Cash and cash equivalents per Statement of Cash Flows	2,915	6,108

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Statement of Financial Position as shown above.

Notes to the Financial Statements (continued)

23. Notes to the Statement of Cash Flows (continued)

Reconciliation of liabilities arising from financial activities

	At 1 April 2025 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2026 £'000
Short-term borrowings	(4,232)	17,900	(17,802)	(4,134)
Long-term borrowings	(330,065)	(23,000)	17,611	(335,454)
Lease liability	(80)	60	(35)	(55)
	(334,377)	**(5,040)**	**(226)**	**(339,643)**

	At 1 April 2024 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2025 £'000
Short-term borrowings	(2,767)	13,075	(14,540)	(4,232)
Long-term borrowings	(331,476)	(13,000)	14,411	(330,065)
Lease liability	(60)	53	(73)	(80)
	(334,303)	**128**	**(202)**	**(334,377)**

Non-cash changes reflect progression in the ageing of debt due after more than one year to less than one year, along with the amortisation of capitalised set up costs.

24. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Sanctuary Housing Association, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

25. Related party transactions

During the year, Sanctuary Housing Association recharged the Association a total of £11,355,000 (2025: £10,437,000) in costs including £4,113,000 in management charges (2025: £4,191,000). Sanctuary Housing Association was recharged by the Association a total of £18,576,000 (2025: £12,673,000). At the year end Sanctuary Housing Association owed the Association a sum of £238,000 (2025: £92,000).

During the year, Sanctuary Home Care Limited recharged the Association a total of £17,000 (2025: £18,000). At the year end the Association owed Sanctuary Home Care Limited a sum of £3,000 (2025: £1,000).

During the year, Sanctuary Maintenance Contractors Limited recharged the Association a total of £18,467,000 (2025: £18,189,000). Sanctuary Maintenance Contractors Limited was recharged by the Association a total of £440,000 during the year (2025: £2,349,000). At the year end the Association owed Sanctuary Maintenance Contractors Limited a sum of £2,176,000 (2025: £1,527,000).

Notes to the Financial Statements (continued)

25. Related party transactions (continued)

During the year, the Association recognised interest of £13,395,000 (2025: £13,972,000) payable to Sanctuary Treasury Limited. At the year end the Association held accrued interest balances of £2,629,000 (2025: £2,606,000) for Sanctuary Treasury Limited. The Association was recharged a total of £74,000 (2025: £193,000) during the year by Sanctuary Treasury Limited. At the year end the Association owed Sanctuary Treasury Limited a sum of £nil (2025: £nil). The Association has a loan with Sanctuary Treasury Limited of £315,897,000 for year ended 31 March 2026 (2025: £308,856,000).

During the year, Sanctuary Homes (Scotland) Limited recharged the Association a total of £142,000 (2025: £180,000). Sanctuary Homes (Scotland) Limited was recharged by the Association a total of £3,216,000 during the year (2025: £2,897,000). At the year end Sanctuary Homes (Scotland) Limited owed the Association £2,874,000 (2025: £2,864,000).

During the year, Sanctuary Affordable Housing Limited was recharged by the Association a total of £135,000 (2025: £31,000). Sanctuary Affordable Housing Limited recharged the Association a total of £268,000 (2025: £65,000). At the year end the Association owed Sanctuary Affordable Housing Limited a balance of £26,000 (2025: £7,000).

During the year, Beech Grove Homes Limited recharged the Association a total of £7,928,000 (2025: £8,859,000). Beech Grove Homes Limited was recharged by the Association a total of £nil (2025: £360,000). At the year end the Association owed Beech Grove Homes Limited a sum of £nil (2025: £519,000).

26. Events after the reporting period

No matters have arisen since the year end that require disclosure in the financial statements.