

PROSPECT COMMUNITY HOUSING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

Financial Conduct Authority No 2290 R (S)

Registered Housing Association No. HAL 204

Scottish Charity No. SC029797

PROSPECT COMMUNITY HOUSING LIMITED

STATUTORY INFORMATION

Registration Particulars

Financial Conduct Authority

Co-operative and Community
Benefit Society Act
Registered Number SP 2290 R
(S)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number HAL 204

Charity Number

SC029797

Committee of Management

- | | |
|----------------------------|-------------------------|
| • Naomi MacKenzie | Chairperson |
| • Jolly Oluka | Secretary |
| • Nikki Ross | Treasurer |
| • Mo Connolly | Vice Chairperson |
| • Milind Kolhatkar | |
| • Alan Gee | |
| • Chuks Ododo | |
| • Amanda Miller | |
| • Simon Campbell | |
| • Sharon-Lee Bow | |
| • Sylwia Bogusz | |
| • Jeremy Hewer (to 7/5/26) | |
| • Cheryl Mabon | |

Key Management Personnel

Brendan Fowler – Chief Executive Officer
Colin James – Director of Finance
Neil Munro – Director of Property Services (to 8/5/26)
Sinclair Young – Director of Property Services (from 25/6/26)
Catherine Louch – Director of Housing

Registered Office

6 Westburn Avenue
Edinburgh
EH14 2TH

Auditor

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

Bankers

Royal Bank of Scotland
239 St John's Road
Edinburgh
EH12 7XA

Solicitors

T C Young
69a George Street
Edinburgh
EH2 2JG

PROSPECT COMMUNITY HOUSING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

The Committee have pleasure in presenting their report on Prospect's affairs for the year ended 31 March 2026.

BUSINESS OVERVIEW

Constitution & Legal Framework

Prospect Community Housing Limited ('Prospect') was founded in 1988. It was constituted under the Co-operative and Community Benefit Society Act in that year. It is a registered Scottish Charity. The financial statements comply with Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for Registered Social Landlords 2018.

Area of Operation

Prospect Community Housing Limited has grown steadily since 1988 to become a medium sized Housing Association, managing 943 homes and providing factoring services to a further 39 in West Edinburgh. Prospect's subsidiary, Prospect Community Projects Ltd, remains dormant.

Principal Activities

The principal activities of Prospect are the provision, management and maintenance of high-quality rented housing at rents which are affordable to people on low incomes and contributing to the physical, economic and social regeneration of West Edinburgh.

REVIEW OF BUSINESS

Growth and Innovation

Prospect continued investing in its properties during the year, spending a further £1,350,571 (2025: £1,397,175) in the refurbishment of homes in the Wester Hailes area for rent, including the expansion of our component replacement programme with a key focus on extensive window replacement.

Prospect also continued its investment in the maintenance of its existing properties, spending £1,160,971 (2025: £1,055,161) on routine maintenance and major repair works and the upgrading of environmental areas around its stock. This investment was not only consistent with Prospect's aim to maintain its properties to the highest standard but also contributed to its pro-active strategy of minimising the potential cost and disruption of anti-social behaviour.

Investment also continued in the provision of varied and targeted training programmes for both staff and committee members.

Performance

Performance in key areas is monitored and reviewed on a quarterly basis.

Indicator	2025/26	2024/25	2023/24	2022/23	2021/22	Target
Current Tenant Rent Arrears as % income	3.9	4.3	5.5	5.2	5.2	4.7
Voids turnaround times (days)	31.8	24.5	34.9	54.3	23.9	25
% rent loss due to voids	1.23	0.6	0.62	0.85	0.26	0.5
Staff costs as % of turnover	22.4	22.7	22.8	22.6	21.7	22.8

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Risks

Prospect has a comprehensive system of risk management which is kept under regular review. Risks which were considered high in both likelihood and potential impact during the year were:

RISK	CONTROL ACTIONS
➤ Failure to comply with tenant and resident health and safety requirements	➤ There have been a lot of recent changes to legislation and regulation in this area. We have regular audits covering this area, both from our Internal Auditor and our specialist Health and Safety company.
➤ Cash flow remains important at a time when there are pressures on our rental income and upward pressures on costs e.g. maintenance of our properties. Now that Prospect is developing new homes, close monitoring of cash flow is increasingly important.	➤ Effective budget setting and monitoring. Minimising costs where possible. Considerable efficiencies have been achieved across the organisation, and we will continue to look at further efficiencies in the future. We have recently agreed new borrowing that will give us resources for our future spending plans.
➤ IT systems are down for a prolonged period. There is an increasing risk of cyber-attacks that have increased the likelihood of our systems being affected.	➤ Modern infrastructure and making sure our systems are updated as soon as patches or updates are available. We have previously met the requirements for Cyber Essentials Plus and last year completed the Cyber and Fraud Centre Scotland Cyber Advance programme for the second time.
➤ Not meeting the Scottish Housing Charter outcomes or the Regulatory Standards set out by the Scottish Housing Regulator.	➤ Regular review of our performance. Regular consideration and close monitoring by our Committee of the Regulatory Standards. During the year the Committee considered compliance against the new Regulatory Framework.

Grants and Funding

Prospect has started to develop new homes and received Housing Association Grant for this during the year. Prospect also receives grant funding from a variety of sources to support its wider role activities.

Partnership Working

Prospect continued to develop its collaborative approach to its work by actively contributing to the Edinburgh Affordable Housing Partnership, a local Ask and Act pilot group and other similar bodies. We are an active member of ARCHIE, a grouping of Edinburgh based independent social landlords.

We have a Community Projects Officer post to help develop further this type of working with a range of partners in West Edinburgh for the benefit of Prospect's client group and the wider community.

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Sustainability

Prospect has made a commitment to Sustainable Development by including energy efficient technology in its most recent housing developments and by examining all aspects of its business and activities to minimise waste, pollution, and energy consumption. Almost all of our properties meet the Energy Efficiency Standard for Social Housing (EESH) target, and we are now turning our attention to meeting the future standards that are coming from the Scottish Government.

Statement of Comprehensive Income Turnover

Rental and Service Charge Income Receivable increased by 7.6% to £5,361,658 (2025: £4,981,676).

Surplus on Ordinary Activities

The surplus for the year was £1,106,832 (2025: £1,311,651). Following incorporation of other comprehensive income movements in respect of the SHAPS liability, the Association had total comprehensive income of £1,203,832 (2025: £1,382,651). This is due to an actuarial gain in respect of SHAPS in the current year of £97,000 (2025: £71,000).

Further details regarding SHAPS can be found in note 18 of the financial statements.

Revenue Reserve

Prospect aims to generate and maintain an unrestricted revenue reserve which approximates to their requirements to meet a 4-month working capital requirement on an ongoing basis. The average 4-month working capital requirement in 2025/26 amounted to £4,030,132 (2025: £3,847,649) due to higher development spend. The revenue reserve increased by £1,203,832 from £14,384,687 to £15,588,519. The current revenue reserve meets this aim.

Going Concern

The Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. This belief is grounded in the profitability of the organisation, allied to significant revenue reserves, the holding of substantial cash balances and the existence of spare capacity to borrow further based upon available security. Key risks such as the current economic climate have had some financial impact, but any financial downside has been limited and managed and there is good reason to believe that this will continue to be contained. Thus, the going concern basis of accounting is adopted in preparing the financial statements.

Treasury Management

Prospect, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2026, Prospect had a mix of fixed and variable rate loan finance.

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Maintenance policies

Prospect seeks to maintain its properties to the highest standard. To this end, programmes of planned maintenance are carried out in the medium term to deal with the gradual and predictable deterioration of building components.

In addition, Prospect has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to components of the properties which have come to the end of their economic lives. Where a component has been replaced, or there is an improvement to a component that enhances the economic benefit of the tangible fixed asset, this is capitalised under the terms of the Housing SORP. All other repair and maintenance expenditure is charged to the Statement of Comprehensive Income.

Rent Policy

Prospect's aim is to have a common level of rents for all similar properties. The policy is logical and easily applied. Income from rents should also be sufficient to meet the financial commitments of Prospect in order to maintain continued financial viability.

Committee Recruitment and Induction

New Board members are elected at Prospect's Annual General Meeting. All new members undergo induction training.

Committee Training

Prospect invests substantially in terms of time and money in ensuring its committee members have the skills and knowledge required to manage a successful business. These expectations are set out in a Training Policy. In the past year we held a weekend training event that was attended by nearly all of our Management Committee members.

Corporate Rules

The governing document of Prospect is the Rules, which are based on the SFHA standard set of Charitable Rules and adapted through time by properly constituted meetings of the members of Prospect. The Rules are the equivalent of a company's Articles and Memorandum of Association. A copy of the Rules can be obtained on request from the Registered Office. The current model rules were approved in September 2021.

Business Plan

Prospect's business plan sets out the direction and aims of the Association over a three-year period. Central to the document are the organisation's Vision, Values and Strategic Objectives which were developed in consultation with tenants and staff and through discussion with the Business Plan working group.

Our vision: Providing homes and building communities together. Our values: Pioneering, reliability, listening, fairness, partnership.

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Business Plan (continued)

Our strategic objectives for the period to 31 March 2026 are outlined in the table below:

Independence - Continue to work to ensure that the organisation is financially secure by - Keeping to within planned budgeted expenditure. - Undertaking sensitivity analysis on our long term financial projections. - Focusing on good value for money. - Through annual budget process, achieving cost reductions where possible, and minimising any areas where costs increase. - Ensure that we have rental income sufficient to give us headroom to cover unexpected increases in costs - Comply with Scottish Housing Regulator Regulatory Framework. Work to ensure that we can evidence compliance and produce our assurance statement by October.
Affordable rents Through budget process, ensure that costs are contained so that rent increase can be no more than CPI plus 0.5% (with a cap of 4%)
Supporting Tenants - Seek funding to support tenants cope with the cost of living crisis. - Look to maximise tenant income via our Welfare Rights Service. - Consider additional support that we can offer to vulnerable or elderly tenants.
New housing provision - Keep on track with Kingsknowe site - Achieve planning permission for the Woods Centre - Achieve planning permission for gap sites in Clovenstone - Taking account of Wester Hailes place plan in our new developments
Improve energy efficiency of our homes - Work with Committee and Changeworks to develop staging posts for compliance with the Social Housing Net Zero Standard targets around energy efficiency and decarbonisation. - Work on the budgets needed for energy efficiency works, taking account of duplication of items already included
Property and Neighbourhood improvements - Complete all the anticipated property investment programme that is included in the 2025/26 budget. - Complete the Neighbourhood improvements work identified in the 2025/26 budget.
Community Projects - Work towards the aims set out in the Community Action Plan. - Continue with collaborative projects delivered with partners.

In order to ensure that the above priorities are progressed, they have been broken down into tasks and allocated to appropriate staff members, through agreed work plans with regularly reviewed performance targets, throughout the organisation.

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Progress towards achieving Strategic Objectives

This table indicates the progress made towards achieving these objectives as detailed at 31 March 2026.

OBJECTIVE	ACHIEVEMENTS
Independence	· We continue to perform well financially; · We have a 'Compliant' assessment from the Scottish Housing Regulator; · The budget we set looks ahead 30 years and demonstrates that we are viable in the long term; · Each year we carry out stress testing on our financial projections; · ARCHIE helps us in our partnership approach with other Housing Associations and Co-ops.
Affordable rents	· We now link rents to CPI (August / September figure) and have maintained below average rent increases when compared to other RSL's.
Supporting tenants	· We again achieved excellent outcomes for tenants via our Welfare Rights service. We also provide a separate energy advice service via ARCHIE.
New housing provision	· We took handover of 46 properties at Clovenstone Close during the year, taking our total ownership in this development to 61. · We have planning permission for two gap sites in Clovenstone.
Improve energy efficiency of our homes	· We continued a major window and door replacement programme during the past year, and plan for this to continue over the coming year. We will work with Changeworks to identify other priorities for improvement once the new standards are published.
Property and neighbourhood improvements	· In the past year we have invested £1,709,203 on planned and cyclical maintenance and new components.
Community projects	· Excellent range of projects delivered via partners, including a strong recent focus on supporting local people through cost-of-living pressures.

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Statement of the Committee of Management's Responsibilities

The Committee of Management is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period.

In preparing these financial statements the Committee of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Credit Payment Policy

Prospect's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 21 days (2025: 24 days).

Employee Involvement and Health & Safety

Prospect encourages employee involvement in all major initiatives. Staff have opportunities to discuss and contribute to strategic objectives through Working Groups, Departmental and Staff Meetings.

A Health and Safety Working Group meets regularly to review health and safety issues. Each department has a representative on this Group who raises health and safety issues on behalf of their colleagues.

Tenant Involvement

Prospect actively involves tenants to help direct and improve what we do. We recognise that tenants will want to engage in different ways, so we provide a variety of mechanisms for tenants to be involved. This includes:

- the Tenant Forum;
- Committee of Management membership;
- learning from tenant comments or complaints;
- full scale tenant surveys;
- ongoing surveys relating to specific areas of our work; and
- the rent consultation.

PROSPECT COMMUNITY HOUSING LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2026

Committee of Management members:

The Committee of Management during the year ended 31 March 2026 and up to the date of signing these financial statements were:

- Naomi MacKenzie Chairperson
- Jolly Oluka Secretary
- Nikki Ross Treasurer
- Mo Connolly Vice Chairperson
- Milind Kolhatkar
- Alan Gee
- Chuks Ododo
- Amanda Miller
- Simon Campbell
- Sharon-Lee Bow
- Sylwia Bogusz
- Jeremy Hewer (to 7/5/26)
- Cheryl Mabon

Disclosure of Information to the auditor

Members of the Committee of Management who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Members have confirmed that they have taken all the steps that they ought to have taken as Members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

CT Audit was appointed as auditor at the Annual General Meeting in September 2025 following a competitive tender process.

By order of the Committee of Management



Jolly Oluka
Secretary

PROSPECT COMMUNITY HOUSING LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2026

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

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

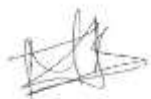
It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards 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 and significant variances from budgets are investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others;
- The Association has appointed a firm, on a consultancy basis, as internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial controls;
- The Committee of Management reviews reports from management, from directors, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association; and
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management has reviewed the system of internal financial control in the Association during the year ended 31 March 2026. No weaknesses were found in internal financial control which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

The above arrangements are considered appropriate to the scale and range of the Association's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance.

By order of the Committee of Management



Jolly Oluka
Secretary

PROSPECT COMMUNITY HOUSING LIMITED

REPORT BY THE AUDITOR TO THE MEMBERS OF PROSPECT COMMUNITY HOUSING LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2026

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
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2026

PROSPECT COMMUNITY HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPECT COMMUNITY HOUSING LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Opinion

We have audited the financial statements of Prospect Community Housing 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 reserves, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2024.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPECT COMMUNITY HOUSING
LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Committee of Management

As explained more fully in the Committee of Management's responsibilities statement set out on page 7, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

PROSPECT COMMUNITY HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPECT COMMUNITY HOUSING LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2024, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures against the requirements of the relevant financial reporting standards.

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date _____

PROSPECT COMMUNITY HOUSING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026**

	Notes	2026 £	2025 £
Turnover	2	6,061,296	5,624,168
Operating expenditure	2	(4,704,997)	(4,227,415)
Operating surplus	2, 7a	1,356,299	1,396,753
(Loss)/gain on disposal of property plant and equipment		(34,305)	350
Interest receivable		26,597	99,873
Interest and financing costs	5	(241,759)	(185,325)
Surplus before tax		1,106,832	1,311,651
Taxation	7b	-	-
Surplus for the year		1,106,832	1,311,651
Other comprehensive income			
Actuarial gain in respect of pension scheme	18	97,000	71,000
Total comprehensive income for the year		1,203,832	1,382,651

The results relate wholly to continuing activities.

The financial statements were authorised for issue by the Committee of Management on 24 June 2026 and signed on their behalf by:



Naomi MacKenzie
Chairperson



Jolly Oluka
Secretary



Nikki Ross
Treasurer

The notes form part of these financial statements.

PROSPECT COMMUNITY HOUSING LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026**

	Notes	2026	2025
Fixed assets		£	£
Intangible assets	8	14,420	2,293
Housing properties	9a	52,426,242	45,499,755
Other fixed assets	9b	642,812	662,078
		<u>53,083,474</u>	<u>46,164,126</u>
Current assets			
Trade and other debtors	10a	360,445	316,169
Cash and cash equivalents	10b	1,971,792	3,444,991
Investments	10c	113	1,102,944
		<u>2,332,350</u>	<u>4,864,104</u>
Current liabilities			
Creditors: Amounts falling due within one year	11	(4,514,613)	(4,503,571)
Net current (liabilities)/assets		<u>(2,182,263)</u>	<u>360,533</u>
Total assets less current liabilities		<u>50,901,211</u>	<u>46,524,659</u>
Creditors: Amounts falling due after more than one year	12	(34,889,335)	(31,648,614)
Pension – defined benefit liability	18	(423,302)	(491,302)
Net assets		<u>15,588,574</u>	<u>14,384,743</u>
Capital and Reserves			
Share Capital	16a	55	56
Revenue reserve	16b	15,588,519	14,384,687
		<u>15,588,574</u>	<u>14,384,743</u>

The financial statements were authorised for issue by the Committee of Management on 24 June 2026 and signed on their behalf by:



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The notes form part of these financial statements.

PROSPECT COMMUNITY HOUSING LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2026**

	Share Capital £	Revenue Reserve £	Total £
Balance at 1 April 2025	56	14,384,687	14,384,743
Total comprehensive income	-	1,203,832	1,203,832
Shares issued during the year	2	-	2
Shares cancelled during the year	(3)	-	(3)
Balance at 31 March 2026	55	15,588,519	15,588,574

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2025**

	Share Capital £	Revenue Reserve £	Total £
Balance at 1 April 2024	52	13,002,036	13,002,088
Total comprehensive income	-	1,382,651	1,382,651
Shares issued during the year	5	-	5
Shares cancelled during the year	(1)	-	(1)
Balance at 31 March 2025	56	14,384,687	14,384,743

The notes form part of these financial statements.

PROSPECT COMMUNITY HOUSING LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026**

	Notes	2026 £	2025 £
Net cash generated from operating activities	17	2,027,882	2,176,015
Cash Flow from Investing activities			
Purchase of tangible fixed assets		(8,249,612)	(7,786,227)
Purchase of intangible assets		(15,444)	-
Interest received		26,597	99,873
Transfers from / (to) investments		1,102,831	(47,707)
Net cash (used in) investing activities		(7,135,628)	(7,734,061)
Cash flow from financing activities			
Interest paid		(212,759)	(159,325)
New secured loans		-	3,250,000
Repayment of borrowings		(173,089)	(418,245)
Issue of share capital		2	5
Capital grants received		4,020,393	3,313,481
Net cash generated from financing activities		3,634,547	5,985,916
Net (decrease) / increase in cash and cash equivalents		(1,473,199)	427,870
Cash and cash equivalents at beginning of year	10b	3,444,991	3,017,121
Cash and cash equivalents at end of year	10b	1,971,792	3,444,991

Analysis of changes in net debt

	At 1 April 2025 £	Cash flows £	Other non- cash changes £	At 31 March 2026 £
Cash, cash equivalents and investments				
Cash and cash equivalents	3,444,991	(1,473,199)	-	1,971,792
Investments	1,102,944	(1,102,831)	-	113
	<u>4,547,935</u>	<u>(2,576,030)</u>	<u>-</u>	<u>1,971,905</u>
Borrowings				
Debt due within one year	(3,421,840)	173,089	(175,479)	(3,424,230)
Debt due after one year	(1,526,041)	-	175,479	(1,350,562)
	<u>(4,947,881)</u>	<u>173,089</u>	<u>-</u>	<u>(4,774,792)</u>
Total	<u>(399,946)</u>	<u>(2,402,941)</u>	<u>-</u>	<u>(2,802,887)</u>

The notes form part of these financial statements.

PROSPECT COMMUNITY HOUSING LIMITED

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

1. Accounting policies

General Information

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 6 Westburn Avenue, Edinburgh, EH14 2TH.

The Association's principal activities are the provision of Social Rented Housing.

Prospect Community Housing is a Public Benefit Entity.

The financial statements are prepared in Sterling (£).

Basis of Accounting

The Financial Statements are prepared on the historical cost basis of accounting. Prospect Community Projects Limited has not been consolidated as it is dormant and thus these financial statements are in respect of the Association only. These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Determination of Accounting Requirements issued by the Scottish Housing Regulator.

Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The members of the Board of Management consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

PROSPECT COMMUNITY HOUSING LIMITED

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

1. Accounting policies (continued)

Critical Accounting Estimates and Areas of Judgement (continued)

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on expected asset life cycles.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the debtor being taken into account.
The obligations under the SHAPS	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

PROSPECT COMMUNITY HOUSING LIMITED

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

1. Accounting policies (continued)

Going Concern

The Committee of Management has regularly reviewed the detailed financial projections included in the Business Plan 2025/26 and beyond with particular focus on the cash flow position and believe that it is appropriate to prepare the financial statements on a going concern basis.

The Association generated a surplus in the year of £1,106,832, had year-end cash balances and deposit investments of £1,971,905, net current liabilities of £2,182,263 and net assets of £15,588,574. The net current liability position is due to the need to repay a £3,250,000 Revolving Credit Facility loan with new funds by September 2026.

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

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, the City of Edinburgh Council and other agencies. Tenant service charges are levied on a basis intended to cover appropriate service costs each year.

Also included is any income from first tranche shared ownership disposals and turnover from the factoring of properties for private owners as the provision of factoring services is accounted for on a principal basis.

Income from rental and service charges and factoring activities is recognised when the Association is entitled to it, it is probable it will be received, and it can be measured reliably.

Income from revenue grants receivable have been covered in a separate accounting policy below.

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PROSPECT COMMUNITY HOUSING LIMITED

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

1. Accounting policies (continued)

Government Capital Grants

Government Capital Grants, at amounts approved by The Scottish Government or City of Edinburgh Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government Revenue Grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the Association is entitled to them, it is probable they will be received, and they can be measured reliably.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

Depreciation

(i) Housing Properties

Depreciation is charged on a straight-line basis over the expected economic useful lives of each major component, to its estimated residual value, that makes up the housing property as follows:

Land	not depreciated
Structure	80 years
Roofs	70 years
Kitchens	15 years
Windows/doors	35 years
Boilers	15 years
Radiators	40 years
Electrics	40 years
Bathrooms	30 years
Showers	15 years
Smoke Detectors	10 years

(ii) Shared Ownership Properties

Depreciation is charged on a straight-line basis over the expected economic useful live which is 80 years.

PROSPECT COMMUNITY HOUSING LIMITED

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

1. Accounting policies (continued)

Depreciation (continued)

(iii) Other Fixed Assets

Expenditure incurred is written-off at the following annual percentages of cost on a straight-line basis: -

Office equipment	15%
Computer equipment	25% to 33%
Office accommodation	2%
Estate Assets	12.5% to 25%

Depreciation is charged for each month that the asset is in use.

Development Administration Costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent directly on this activity.

Intangibles

All intangible assets shall be considered to have a finite useful life of 4 years on a straight-line basis. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but maybe shorter depending on the period over which the entity expects to use the asset. Amortisation of intangible assets is shown within operating expenditure.

Leases

The annual rentals in relation to operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and readily convertible to known amounts of cash with insignificant risk of change in value.

Investments

These are bank deposits with financial institutions maturing in greater than 3 months.

Value Added Tax

The Association deregistered for VAT on 28 September 2017 as a large proportion of its income is exempt for VAT purposes. Expenditure is therefore shown inclusive of VAT.

Pensions

On 1 April 2014, the Association closed the Final Salary and Core Related Schemes in the centralised Scottish Housing Association's Pension Scheme (SHAPS) and now only operates a Defined Contribution Scheme in respect of existing and new employees. The pension cost in respect of this scheme is charged to the Statement of Comprehensive Income on an accrual's basis.

However, the Association has an obligation in respect of its membership of the Defined Benefit Scheme up until 1 April 2014 which is reflected in the financial statements.

1. Accounting policies (continued)

Pensions (continued)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

Taxation

The Association has charitable status and is therefore not required to account for tax on its charitable activities.

Financial Instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

PROSPECT COMMUNITY HOUSING LIMITED

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

1. Accounting policies (continued)

Financial Instruments (continued)

Debtors (continued)

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Public benefit concessionary loan

In line with FRS 102, the Association has made an accounting policy choice to recognise loans from public benefit entities that are being used to further the Association's core activities as public benefit concessionary loans meaning the loans are recognised at their principal value on initial recognition.

Provisions

Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

PROSPECT COMMUNITY HOUSING LIMITED

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

2. Analysis of turnover, operating expenditure and operating surplus or deficit

	Turnover £	Operating expenditure £	Operating Surplus/ (Deficit) 2026 £	<i>Operating Surplus/ (Deficit) 2025 £</i>
Affordable Lettings (note 3a)	5,911,128	(4,478,926)	1,432,202	1,455,170
Other Activities (note 3b)	150,168	(226,071)	(75,903)	(58,417)
2026 Total	<u>6,061,296</u>	<u>(4,704,997)</u>	<u>1,356,299</u>	
2025 Total	<u>5,624,168</u>	<u>(4,227,415)</u>		<u>1,396,753</u>

PROSPECT COMMUNITY HOUSING LIMITED

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

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

	2026 General Needs Housing £	2026 Shared Ownership £	2026 Total £	2025 Total £
Rent Receivable net of Service Charges	5,021,651	27,807	5,049,458	4,736,273
Service Charges	312,200	-	312,200	245,403
Gross income from rents and service charges	5,333,851	27,807	5,361,658	4,981,676
Less Voids	(65,463)	-	(65,463)	(29,560)
Net income from rents & service charges	5,268,388	27,807	5,296,195	4,952,116
Grants released from deferred income	565,026	-	565,026	501,168
Revenue grants from Scottish Ministers	-	-	-	-
Stage 3 adaptation grants	49,907	-	49,907	46,161
Total turnover from affordable letting activities	5,883,321	27,807	5,911,128	5,499,445
Management and Maintenance Administration Costs	1,808,388	10,014	1,818,402	1,676,697
Service Costs	226,946	-	226,946	264,771
Planned & Cyclical Maintenance including Major Repair Costs	358,632	-	358,632	339,771
Reactive Maintenance Costs	802,339	-	802,339	715,390
Bad Debts–Rents & Service Charges	22,546	-	22,546	(619)
Depreciation of affordable let properties	1,246,311	3,750	1,250,061	1,048,265
Operating expenditure for affordable letting activities	4,465,162	13,764	4,478,926	4,044,275
Operating surplus for affordable letting activities for 2026	1,418,159	14,043	1,432,202	
Operating surplus for affordable lettings activities for 2025	1,441,407	13,763		1,455,170

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2025 – £Nil). Included within depreciation of affordable let properties is a loss on disposal of components of £39,308 (2025: £29,099).

PROSPECT COMMUNITY HOUSING LIMITED

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

3(b) Turnover, operating expenditure and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Other Operating Costs £	Total Operating Costs £	Operating (Deficit)/ Surplus 2026 £	Operating (Deficit)/ Surplus 2025 £
Wider Role Activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	(63,353)	(63,353)	(63,353)	(59,332)
Factoring	-	-	26,363	26,363	-	(26,500)	(26,500)	(137)	125
Other (SCVO, Edinburgh City Council, EVH) (1)	-	38,980	-	38,980	-	(38,986)	(38,986)	(6)	-
Other Activities	-	-	84,825	84,825	(25,980)	(71,252)	(97,232)	(12,407)	790
Total from other Activities	-	38,980	111,188	150,168	(25,980)	(200,091)	(226,071)	(75,903)	
Total from other activities – 2025	-	27,315	97,408	124,723	(22,626)	(160,514)	(183,140)		(58,417)

- (1) During the year Prospect received grants of £25,610 (2025: £Nil) from the Scottish Government's Homelessness Prevention Fund, £4,405 (2025: £Nil) from the Scottish Procurement Alliance, £4,167 (2025: £26,221) from SCVO, £1,673 (2025: £851) from City of Edinburgh Council and £3,125 (2025: £243) from EVH. Prior to applying for certain grants, Prospect typically enters into a service level agreement with a delivery partner. The grant monies received by Prospect are granted on to the delivery partner. Prospect monitors the performance of the delivery partner to ensure all project objectives are met. If the objectives of the project are not met, then the grant provider could seek a partial or full reclaim of the grants originally paid over to Prospect.

PROSPECT COMMUNITY HOUSING LIMITED

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

4. Housing stock

	2026	2025
	No.	No.
The number of units in Management at 31 March was as follows:		
General Needs	943	897
Supported Housing	4	4
Shared Ownership	9	9
	<u>956</u>	<u>910</u>

5. Interest payable and financing costs

	2026	2025
	£	£
Total interest incurred on loans	212,759	159,325
Net cost on pension (note 18)	29,000	26,000
	<u>241,759</u>	<u>185,325</u>

6. Employees

	2026	2025
	£	£
Staff costs (including key management personnel) during year		
Wages and Salaries	973,434	925,811
Social Security Costs	111,560	88,889
Other Pension Costs	269,862	263,523
	<u>1,354,856</u>	<u>1,278,223</u>

The average full time equivalent number of persons employed by the Association during the year were as follows:

	2026	2025
	No.	No.
Corporate and Finance	5	5
Property Services	12	12
Housing Management	8	8
	<u>25</u>	<u>25</u>

The key management personnel (KMP) are defined as the members of the Committee of Management, the Director and any other person reporting directly to the Directors or the Committee of Management

	2026	2025
	£	£
Aggregate Emoluments payable to key management personnel (excluding pensions contributions but including employer's NI))	277,052	255,229
Pensions payable for key management personnel	38,220	36,750
Emoluments payable to the Director (excluding pension contributions and excluding employer's NI)	76,963	72,774

PROSPECT COMMUNITY HOUSING LIMITED

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

6. Employees (continued)

	2026	2025
The number of employees whose emoluments excluding employer contributions exceeded £60,000 were:		
£60,001 - £65,000	0	-
£65,001 - £70,000	1	1
£70,001 - £75,000	0	1
£75,001 - £80,000	1	-

The Association's contributions to the pension scheme for the Director amounted to £11,213 (2025: £10,782), based on the employer's contribution rate which is currently 12% of salary.

The Director is an ordinary member of the SHAPS Pension Scheme, with no enhanced/special terms. No additional contributions are made by Prospect Community Housing for any individual pension arrangements for the highest paid Director.

	2026	2025
	£	£
Total expenses reimbursed insofar as not chargeable to UK Income Tax	1,301	851

Expenses are incurred wholly, exclusively and necessarily on behalf of the Association.

No member of the Committee of Management received emoluments in respect of their services to the Association.

Year ended 31 March 2026

During the year past service deficit contributions of £6,696 (2025 - £6,503) were paid. Of this payment £Nil (2025 - £ Nil) was a payment in respect of the SHAPS pension liability. The remainder of £6,696 (2025 - £6,503) was pension management costs which has been included in management and maintenance administration costs.

PROSPECT COMMUNITY HOUSING LIMITED

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

7a. Operating surplus

The operating surplus is stated after charging:

	2026	2025
	£	£
Depreciation of housing properties (note 9(a))	1,250,061	1,019,167
Depreciation on housing properties – loss on disposal of components (note 9(a))	39,308	29,099
Depreciation of other tangible fixed assets (note 9(b))	52,844	56,358
Amortisation of intangible assets (note 8)	3,317	3,440
	<u>1,345,529</u>	<u>1,108,064</u>

Fees payable to the Association's auditors in respect of both audit and non-audit services are as follows:

	2026	2025
	£	£
Audit services - statutory audit of the Association including VAT	18,600	18,522
All other non-audit services including VAT	-	348
	<u>18,600</u>	<u>18,870</u>

7b. Taxation

The Association is a registered charity (Charity number SC029797) and thus surpluses from its charitable activities are not subject to taxation.

No corporation tax (2025: *nil*) is due from its other activities.

8. Intangible assets

	IT Software
	2025
	£
Cost	
At 1 April 2025	219,819
Additions	15,444
	<u>235,263</u>
At 31 March 2026	235,263
Amortisation	
At 1 April 2025	217,526
Charge for Year	3,317
Additions	-
	<u>220,843</u>
At 31 March 2026	220,843
Net Book Value at 31 March 2026	<u>14,420</u>
Net Book Value at 31 March 2025	<u>2,293</u>

The intangible assets relate to IT Software, including the Civica CX system.

Amortisation of the intangible assets is recognised within management and maintenance administration costs.

PROSPECT COMMUNITY HOUSING LIMITED

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

9. Tangible fixed assets

a) Housing Properties	Housing Properties Held For Letting £	Shared Ownership Properties £	Housing Properties Under Construction £	Total £
Cost				
At start of period	60,583,952	367,930	3,675,924	64,627,806
Additions - components	1,350,571	-	-	1,350,571
Additions –housing properties	6,865,285	-	-	6,865,285
Disposals - components	(407,568)	-	-	(407,568)
Transfers	3,467,147	-	(3,467,147)	-
At end of period	71,859,387	367,930	208,777	72,436,094
Depreciation				
At start of period	19,019,115	108,936	-	19,128,051
Charged during period	1,246,311	3,750	-	1,250,061
Disposals – components	(368,260)	-	-	(368,260)
At end of period	19,897,166	112,686	-	20,009,852
Net book value				
At 31 March 2026	51,962,221	255,244	208,777	52,426,242
At 31 March 2025	41,564,837	258,994	3,675,924	45,499,755

Included within housing properties is land of £12,120,361 that is not depreciated (2025: £11,132,373).

At 31 March 2026, none of the cost of the properties included in letting properties was held under a lease (2025: none).

Component replacements totalling £1,350,571 (2025: £1,397,175) were capitalised in the year.

During the year components with a cost of £407,568 (2025: £341,589) and accumulated depreciation of £368,260 (2025: £312,490) were disposed.

PROSPECT COMMUNITY HOUSING LIMITED

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

9b) Other Fixed Assets

	Office Accommodation £	Estate Assets £	Office Equipment £	Computer Equipment £	Total £
Cost					
At start of period	1,104,549	52,127	80,671	86,152	1,323,499
Additions	-	22,365	575	10,816	33,756
Disposals	-	(15,336)	-	(799)	(16,135)
At end of period	1,104,549	59,156	81,246	96,169	1,341,120
Aggregate depreciation					
At start of period	523,206	27,290	50,637	60,288	661,421
Charge for period	22,091	7,910	7,094	15,749	52,844
Disposals for period	-	(15,336)	-	(621)	(15,957)
At end of period	545,297	19,864	57,731	75,416	698,308
Net book value					
At 31 March 2026	559,252	39,292	23,515	20,753	642,812
At 31 March 2025	581,343	24,837	30,034	25,864	662,078

10a. Debtors

	2026 £	2025 £
Rental arrears	227,244	232,285
Less: Bad debt provision	(150,402)	(156,504)
	76,842	75,781
Accrued income	11,299	18,139
Prepayments	236,539	161,256
Other debtors	35,765	60,993
	360,445	316,169

10b. Cash and cash equivalents

	2026 £	2025 £
Cash at bank	1,929,792	3,402,991
Cash equivalent – bank deposits within less than 3 months' notice	42,000	42,000
	1,971,792	3,444,991

10c. Investments

	2026 £	2025 £
Bank deposits	113	1,102,944

Bank deposits mature in greater than 3 months.

PROSPECT COMMUNITY HOUSING LIMITED

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

11. Creditors: Amounts falling due within one year

	2026	2025
	£	£
Housing loans (note 14)	3,424,230	3,421,840
Trade creditors	245,105	153,354
Other taxation and social security	-	-
Rent received in advance	111,162	85,003
Accruals and deferred income	163,516	311,941
Deferred Government capital grants (note 13)	570,600	531,433
	<u>4,514,613</u>	<u>4,503,571</u>

12. Creditors: Amounts falling due after more than one year

	2026	2025
	£	£
Housing loans (Note 14)	1,350,562	1,526,041
Deferred Government capital grants (Note 13)	33,538,773	30,122,573
	<u>34,889,335</u>	<u>31,648,614</u>

13. Deferred Government capital grants

	2026	2025
	£	£
As at 1 April	30,654,006	27,841,693
Capital grant released	(565,026)	(501,168)
Received in the year	4,020,393	3,313,481
As at 31 March	<u>34,109,373</u>	<u>30,654,006</u>
Due within 1 year	570,600	531,433
Between 1 – 2 years	570,600	531,433
Between two and five years	1,711,800	1,594,299
After five years	31,256,373	27,996,841
	<u>34,109,373</u>	<u>30,654,006</u>

PROSPECT COMMUNITY HOUSING LIMITED

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

14. Debt analysis: Borrowings

	2026	2025
	£	£
Housing Loans	<u>4,774,792</u>	<u>4,947,881</u>

Housing loans are secured by specific charges on the Association's properties. The net book value of housing properties secured at the year-end was £7,829,109 (2025: £7,817,245). The Association funded new development during the year via a revolving credit facility with the Royal Bank of Scotland whose availability was extended to September 2026. The above loans are repayable at rates of interest of between 4.15% and 5.9% in instalments due as follows: -

Due within 1 year	3,424,230	3,421,840
Between 1 – 2 years	175,251	172,930
Between two and five years	501,414	525,899
After five years	673,897	827,212
	<u>4,774,792</u>	<u>4,947,881</u>
Included in creditors: amounts falling due within one year (note 11)	<u>(3,424,230)</u>	<u>(3,421,840)</u>
	<u>1,350,562</u>	<u>1,526,041</u>

15. Commitments under operating lease

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows: -

	2026	2025
	£	£
No later than one year	2,988	2,604
Later than one year and not later than two	2,988	2,273
Later than two years and not later than five years	7,135	5,347
	<u>13,111</u>	<u>10,224</u>

During the year, lease payments of £2,988 (2025: £2,595) were recognised within management and maintenance administration costs.

16a. Share capital

	2026	2025
	£	£
Shares of £1 each fully paid and issued		
At start of period	56	52
Issued during period	2	5
Cancelled during period	(3)	(1)
	<u>55</u>	<u>56</u>
At end of period		

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

PROSPECT COMMUNITY HOUSING LIMITED

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

16b. Reserves

Revenue Reserve

The revenue reserve includes all current and prior year retained surpluses or deficits.

	2026	2025
	£	£
17. Reconciliation of surplus to net cash inflow from activities		
Surplus for the year	1,106,832	1,311,651
Cancelled shares	(3)	(1)
Depreciation of housing properties	1,250,061	1,019,167
Depreciation on housing properties – loss on disposal of components	39,308	29,099
Depreciation of other fixed assets	52,844	56,358
Amortisation of intangible assets	3,317	3,440
Depreciation of other fixed assets – loss on disposal	178	-
Amortisation of deferred Government capital grants	(565,026)	(501,168)
Interest charge in respect of the defined benefit pension liability	29,000	26,000
Disposal of tangible fixed assets	-	350
Interest received	(26,597)	(99,873)
Interest payable	212,759	159,325
	2,102,673	2,004,348
Operating cash flows before movement in working capital		
(Increase) / decrease in debtors	(44,276)	310,132
(Decrease) in trade and other creditors	(30,515)	(138,465)
	2,027,882	2,176,015

18. Retirement benefits

SHAPS Defined Benefit Scheme

Year ended 31 March 2026

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Accounting Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan has been put in place to eliminate this deficit, which will run from 1 April 2026 for a period of at least four years to 31 March 2030. This may be extended to 31 March 2032 if the judgement in the court case referenced below results in additional Scheme liabilities. This position will be reviewed at the 2027 valuation.

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

The Association accounts for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

18. Retirement benefits (continued)

SHAPS Defined Benefit Scheme (continued)

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

In accordance with FRS 102 section 28, the operating and financing costs of pension and post-retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Full judgement in the Verity Trustees v Wood court case is still awaited. Should the Court decide that historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate made, although this will be addressed if required by the potential extension of the Recovery Plan referenced above.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2026 £'000	<i>31 March 2025 £'000</i>
Fair value of plan assets	3,519	3,461
Present value of defined benefit obligation	(3,942)	(3,952)
Defined benefit liability to be recognised	(423)	(491)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2026 £'000	<i>Year ended 31 March 2025 £'000</i>
Defined benefit obligation at start of period	3,952	4,365
Current service cost	-	-
Expenses	7	7
Interest expense	225	209
Actuarial (gain) / loss due to scheme experience	(37)	61
Actuarial loss due to changes in demographic assumptions	43	-
Actuarial (gain) due to changes in financial assumptions	(59)	(486)
Benefits paid and expenses	(189)	(204)
Defined benefit liability at the end of the period	3,942	3,952

PROSPECT COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Retirement benefits (continued)

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

	Year ended 31 March 2026 £'000	<i>Year ended 31 March 2025 £'000</i>
Fair value of plan assets at start of the period	3,461	3,829
Interest income	196	183
Experience on plan assets (excluding amounts included in interest income) – gain / (loss)	44	(354)
Contributions by the employer	7	7
Benefits paid and expenses	(189)	(204)
Fair value of plan assets at end of period	3,519	3,461

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2026 £'000	<i>Year ended 31 March 2025 £'000</i>
Current service cost	-	-
Expenses	7	7
Net interest expense	29	26
Defined benefit costs recognised in Statement of Comprehensive Income	36	33

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2026 £'000	<i>Year ended 31 March 2025 £'000</i>
Experience on plan assets (excluding amounts included in net interest cost) – gain / (loss)	44	(354)
Experience gains / losses arising on the plan liabilities – gain / (loss)	37	(61)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	(43)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	59	486
Total amount recognised in other comprehensive income – gain / (loss)	97	71

18. Retirement benefits (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2025. As of this date the estimated employer debt for the Association was £948,332.

GMP equalisation

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS). Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state. Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men.

Historically some defined benefit schemes had different retirement ages for men and women. Therefore, schemes are required to "equalise" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

SHAPS Defined Contribution Scheme

Defined Contribution pension arrangements have been put in place since April 2014 with The Pensions Trust. These arrangements are open to all employees.

Employer contributions vary with the level of contributions chosen by the individual employee member. Employer contributions are capped at 12%.

19. Subsidiary

The Association has a subsidiary company, Prospect Community Projects Limited. This is a wholly owned subsidiary of the Association having a share capital of £1. The company is dormant.

The objective of this subsidiary is to carry out appropriate non-charitable activities.

The net assets of the company as at 31 March 2026 were £1.

Prospect Community Projects Limited has not been consolidated in the accounts of Prospect Community Housing Limited, for the year ended 31 March 2026, due to the immateriality of the amounts involved.

Prospect Community Housing Limited is considered to be the ultimate parent undertaking of the group.

PROSPECT COMMUNITY HOUSING LIMITED

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

20. Related party transactions

The following members of the Committee of Management hold tenancies with the Association:

Alan Gee
Mo Connolly
Milind Kolhatkar
Chuks Ododo
Jolly Oluka
Sylvia Bogusz
Cheryl Mabon

All tenancies were granted under the Association's allocations policy, with rent under normal terms.

Total rent charged in the year was £42,394 (2025: £41,087) with arrears of £470 at the year-end (2025: £1,345) and prepaid rent of £1,002 (2025: £884).

21. Secure tenancy rents

	2026	2025
	£	£
Annual average secure tenancy rent for housing accommodation	<u>5,780</u>	<u>5,569</u>

The basic rent increase for 2025/26 was 2.7%.

22. Capital Commitments

	2026	2025
	£	£
Contracted	-	863,924
Approved but not contracted for	-	-
	<u>-</u>	<u>863,924</u>
This is to be funded by:		
Grants	-	-
Private finance	-	500,000
Reserves	-	363,924
	<u>-</u>	<u>863,924</u>

The above represents commitments not yet provided for within the financial statements.