

CT: Audit

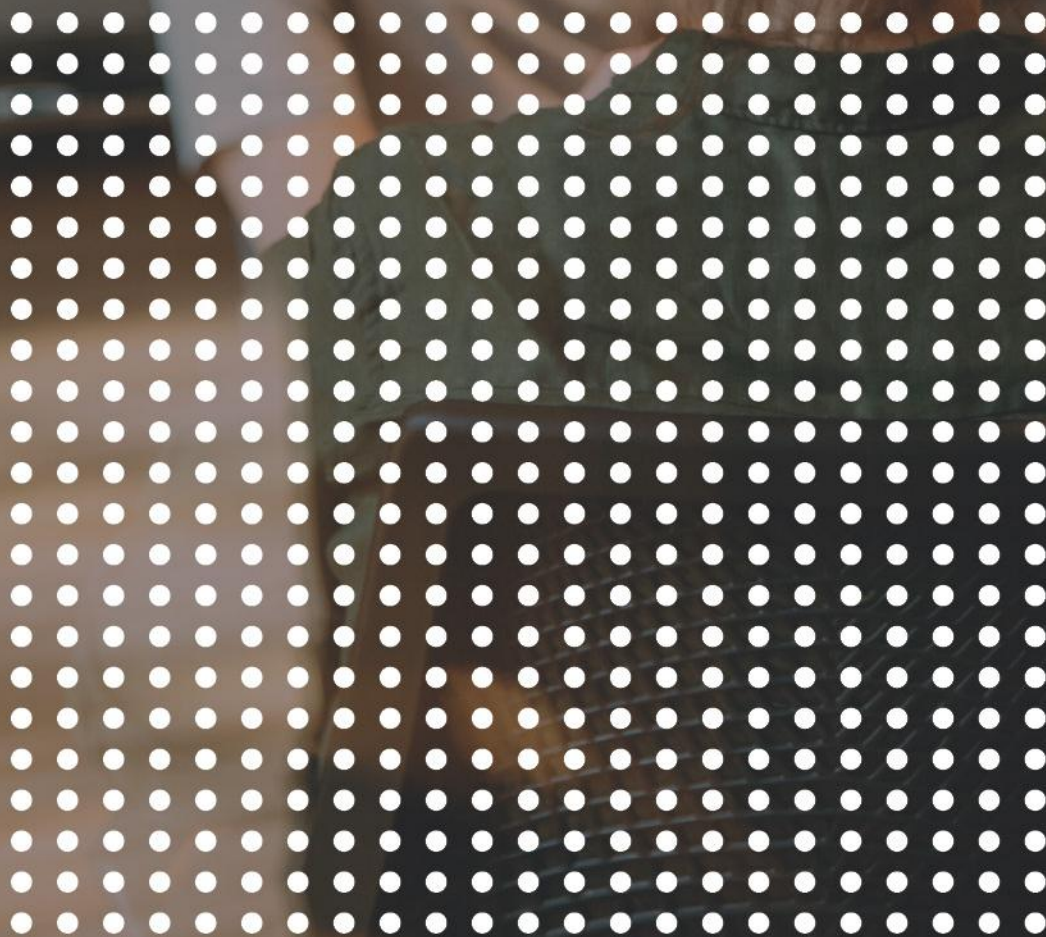
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Rosehill Housing Association Limited

For the year ended 31 March 2025

Audit Summary Report to those
charged with Governance



CT Audit Limited is registered in Scotland (SC765600). Our registered office is at 61 Dublin Street, Edinburgh EH3 6NL. Offices in Glasgow, Inverness and London. For full contact details visit www.ct.me.

CT Audit is registered to carry on audit work and is regulated by the Institute of Chartered Accountants of Scotland. Details about our audit registration can be viewed at www.auditregister.org.uk.



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Limitations of this report

This report refers only to material matters we have identified from our audit of the financial statements of Rosehill Housing Association Limited, for the year ended 31 March 2025, that we think merit being brought to your attention. The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of Rosehill Housing Association Limited.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. We draw your attention to the fact that management are responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as Management Committee and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose

Executive summary

Introduction

The purpose of this report is to highlight the key issues affecting the preparation of the financial statements for the year ended 31 March 2025. It is also used to report to management matters arising from our audit work and to meet the mandatory requirements of International Standard on Auditing (UK) 260 – Communication with those charged with governance.

Changes to our audit plan

In the conduct of our audit, we have not had to alter or change our audit plan, which we communicated to you in our Audit Planning Document dated May 2025. We note how we have addressed the risks identified at planning.

Status of the audit

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Obtaining and reviewing the letter of representation.
- Updating our post balance sheet events review to the date of signing the financial statements.

Audit adjustments

The audit adjustments are discussed in the ‘Audit Adjustments’ section of this document.

Control matters

The management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of financial control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the Management Committee.

There are no control issues noted in the current year that we would wish to bring to your attention. Matters arising from the financial statements audit and any recommendations have been discussed with senior management and noted in the ‘Issues Arising During the Audit’ section.

Financial statements opinion

We propose to give an unqualified opinion on the financial statements.

Appreciation

We would like to take the opportunity to record our appreciation for the assistance provided by your team during our audit.

Accounting and audit risks and responses

Issues identified at planning stage

As noted in our Audit Planning Document submitted to the Management Committee, the following audit risk areas in respect of the financial statements being materially misstated were identified as significant matters and therefore were considered in detail during our audit fieldwork.

Business risks

Risk and audit response	Resolution
Future developments and strategic plans and their impact on funding requirements, future support services, housing and the overall going concern assumption. We will examine strategic business plans and budget projections, evaluating the underlying assumptions to confirm their reasonableness and prudence.	We have reviewed the budget for 2025/26 and the 5-year forecast. We are satisfied that the assumptions that these are based on are reasonable and that suitable variance analysis has been undertaken. Based on the above we are satisfied that the Association has sufficient reserves to continue to meet obligations as they fall due.
Governance and compliance with laws and regulations. The governance framework, risk register, minutes, internal audit reports and any reports from regulatory authorities will be reviewed.	From our review of the current governance framework and internal audit reports we are satisfied that there has been no issues regarding compliance with laws and regulations. The current risk management process in place is well managed and appropriate for the nature of the entity.

Audit risks

Risk and audit response	Resolution
Recoverability of rent and other tenant arrears. Review doubtful debt provision for adequacy against the age profile of debts and the results of post year end testing on debt recoverability.	Debtors received post year end were tested and tenant rent arrears were reviewed at the year end. We have also reviewed the doubtful debt provision and considered it to be consistent with the prior year and in line with the Associations policy. We are satisfied that no further provision is required in relation to bad debts.
Existence, ownership and valuation of housing stock. Obtain title deed certification and review results of stock valuation reports, and consider if there are any indications of impairment.	We are satisfied that there are no indications of impairment within the housing stock from our testing. Furthermore, we discussed this with management who also confirmed that they were not aware of any issues in relation to impairment of the housing stock. In addition, we have confirmed title to a sample of the properties held by the Association.

Completeness of income and revenue cycle controls.

Perform analytical review procedures and completeness testing on the rent accounting system. Agree key sources of non-rental income to third party agreements

We are satisfied that income has not been materially misstated in the financial statements from audit work completed. The procedures and controls were reviewed, and income appears to have been allocated appropriately. Additionally, substantive testing was carried out with no issues arising.

Component accounting – impact of ongoing capitalisation and depreciation of components.

We will discuss with the management the current useful economic lives of components and whether these remain accurate. A sample of component additions and disposals in the year will be tested and a review of depreciation calculations along with any impairments.

A sample of component additions and disposals in the year was tested and we are satisfied that these have been accurately recorded in the financial statements.

We have also reviewed the components useful lives during the testing of disposals and the notable deficiencies observed have been included in the “Issues identified” section of this report.

Fraud/management override. We have a duty under ISAs to consider and assess the risk of fraud/management override impacting each of our clients.

We will ask management for their assessment of fraud/management override risk. We will also seek confirmation of any fraud that may have arisen during the year.

We reviewed and tested the Association’s systems and are satisfied that there are sufficient controls and procedures in place to identify and mitigate the risk of material fraud. Our testing did not identify any instances of fraud or management override during the year.

Furthermore, we used our audit data analytic software to perform testing on the journal entries posted throughout the year. No issues were identified.

Related party transactions. Under the clarified ISAs we are required to consider the susceptibility to material misstatement due to fraud or error resulting from related party relationships and transactions.

Discuss with management and review minutes to confirm all related party transactions are correctly recorded and disclosed.

On review of related party disclosures, we are satisfied they are reasonable and complete. The related party transactions were found to be in compliance with the ISAs.

In addition to our review, we discussed the possibility of undisclosed related party transactions with management. No further material related party transactions were identified for disclosure.

Issues arising during the audit

During the course of our audit work we noted the following issues that we wish to bring to your attention:

Issue	Resolution
<p>Components useful lives</p> <p>During disposal testing, we noted that the components were replaced before the end of the estimated useful lives which is an indication that useful lives may not be appropriate.</p>	<p>We would recommend the useful life for each component is reviewed using the historical data, industry standards, and maintenance schedules. The useful life estimates should be regularly reviewed and adjusted based on actual experience and condition assessments.</p>
<p>Financial Reporting Standard 102 (FRS 102)</p> <p>The recent triennial update to FRS 102, which is effective from January 2026, will potentially have an impact on the following areas:</p> <ul style="list-style-type: none"> • Revenue recognition – a new five step model for revenue recognition; and • Lease accounting – lessees may need to recognise leases on the balance sheet as a right-of use asset with a corresponding lease liability. 	<p>We do not envisage there to be a significant impact in terms of the revenue recognition. However, an assessment of income from service charges and factoring should be undertaken which may lead to an earlier or later recognition of revenue, depending on how performance obligations are satisfied.</p> <p>In terms of the new lease accounting requirements, operating leases (e.g. for property or fleet vehicles) may have to be accounted for on the balance sheet as assets and liabilities.</p> <p>We would be happy to assist with the assessment of the above and its impact on the financial statements of both the Partnership.</p>
<p>Pension Valuation</p> <p>The latest triennial valuation of the SHAPS was carried out in September 2024 with the housing association receiving intimation of changes at the end of July 2025. The valuation revealed a total deficit of £79.5M. A new Recovery Plan has therefore been put in place, with deficit contributions to re-start from April 2026 for the following four years</p>	<p>We have considered the new deficit contributions payments as part of our subsequent events testing and conclude it is a non-adjusting event and immaterial. We recommend updating the pensions note with the relevant disclosures.</p>

Issues arising during the prior year audit

During our audit work in the prior year we noted some issues which are of ongoing relevance. The table below describes these issues and the actions taken to address them.

Issue	Resolution
Impairment review	We recommend that in line with the accounting policy that the committee receives on an annual basis a paper noting reasons for no impairment in the year.
Reserves policy	We recommend that a reserves policy should be shown in the accounts and approved by the Committee.
Expansion of risks	We recommend the key risks in the financial statements should be updated and shows the controls in place and how are they mitigated.
Capitalisation policy review of amount	Currently the capitalisation policy for other non-current assets is set at £250 which seems low, and we recommend should be reviewed and updated.

Forthcoming developments

We enclose a copy of our Technical Developments briefing document which we hope will be of interest to you. If you have any questions regarding any of the content please do not hesitate to contact us.

Internal Control

Weakness and governance issues arising during the audit

We have set out below areas of accounting and internal control weakness that we consider should be brought to the attention of the Trustees which arose as a result of our audit work.

This does not constitute a comprehensive statement of weaknesses that may exist in internal controls or of all improvements which may be made

Definition of priorities

High Issues subjecting the organisation to material risk which should be addressed as a matter of priority.

Medium Issues subjecting the organisation to actual or potential significant risk.

Low Matter which, if addressed, will enhance efficiency and effectiveness.

Issues arising

We are pleased to note that our audit has not identified any control weaknesses or governance issues in the current year.

No control matters or governance issues were identified in the prior year.

Audit adjustments

Impact of audit adjustments made

No audit adjustments were identified as requiring to be made in the financial statements for the year to 31 March 2025

In addition, there were presentational and disclosure changes which arose during the course of our audit and, as agreed with you, these have been reflected in the financial statements.

Uncorrected misstatements

We are required to communicate all uncorrected misstatements to you, other than those considered to be clearly trivial. There were none.

ISA 260 reporting requirements

International Standard on Auditing ('ISA') 260 "Communication of audit matters with those charged with governance" requires us to communicate relevant matters relating to the audit of the financial statements to those charged with governance.

We have set out opposite how each of the key areas has been addressed and where they have been reported:

ISA 260 Requirement	CT Response
Confirmation of the independence of both the Firm and the audit team	Confirmed.
Confirmation of audit approach and scope	Confirmed via planning document.
Consideration of significant accounting policies	Considered throughout the audit process and discussed with management as appropriate.
Consideration of any material risks and exposures	Considered throughout the audit process and further within this report.
Schedule of material audit adjustments (adjusted and unadjusted)	Discussed on page 11 of this report
Consideration of material uncertainties casting doubt on the entity's ability to continue as a going concern	None noted
Significant disagreements with management	None noted.
Expected modifications to the auditor's report	None noted.
Material weakness in the accounting and internal control system	None noted.

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