

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012



REPORT AND GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2012

**Registered under the Industrial and Provident
Societies Act 1965: No.2482R(S) Registered with the
Scottish Housing Regulator :No.HAL 289**

*Registered Office 55
Newtown Street Duns
Berwickshire TD11 3AU*

bbha
homes

bbha
enterprise

seton care

bhasoftwaresupport

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2011

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Board of Management, Executive Officers and Appointees

Board of Management as at 31 March 2012

Dr John Stanforth	(Convener) – Leave of Absence
Ian Lindley	(Acting Convener – Elected 24/5/2011)
David Melrose	(Vice Convener)
Andrew Watson	
John Elliot	
Kate Stephenson	(Vice Convener)
Andrew Brough	
James Fullerton	
Frances Renton	
Trevor Jones	
Robert Bolton	(Elected 27/9/2011)
Johanna Pawley	(Elected 18/10/2011)
Kath Payne	(Elected 24/5/2011, Resigned 23/3/2012)

Executive Officers

Helen Forsyth	Chief Executive
Colin Howard	Secretary & Finance Director
John Bain	Resources Director
Jean Gray	Customer Services Director

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Funders

Dunfermline Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

Clydesdale Bank
Business Lending Services
20 Merrion Way
Leeds
LS2 8NZ

Solicitors

Messrs Iain Smith & Partners, WS
11 Murray Street
Duns
TD11 3DF

Tods Murray
66 Queen Street
Edinburgh
EH2 4NE

Registered Auditors

Findlay & Company
11 Dudhope Terrace
Dundee
DD3 6TS

Bankers

The Royal Bank of Scotland PLC
Corporate Banking, 4th Floor
100 West George Street
Glasgow
G2 1PP

HBJ Gateley Wareing (Scotland) LLP
19 Canning Street
Edinburgh
EH3 8EH

TC Young
Melrose House
69A George Street
Edinburgh
EH2 2JG

Group Report of the Board of Management

The Board of Management present their report and the audited financial statements for the year ended 31 March 2012.

Our Group Mission

To be the provider of choice for affordable housing in Berwickshire, and for housing support services and care services in Berwickshire and north Northumberland. To carry out all our activities in a way that impacts positively on local communities and local economies and to be perceived as a positive contributor to local communities.

Our Vision

Our vision is of thriving neighbourhoods full of choice and opportunity for all ages where future generations will choose to stay and prosper.

We will continue to be an excellent housing provider because we believe good quality housing is a fundamental human right.

We believe that we should take a person centred approach with our customers that allows us to see them as individuals and to understand the services and support they seek from us.

Our Values

- Put customers first
- Keep our promises
- Be consistent and positive
- Respect customer dignity and privacy
- Always seek a solution
- Go the extra mile

We are the main provider of affordable housing for rent in Berwickshire. We want to increase the supply of affordable housing in Berwickshire as demand grows and to maintain our existing properties to a high standard whilst keeping our rents affordable. We aim to make a positive contribution to communities within which our houses are situated.

We contribute to ensuring that communities in which we work and deliver our services are sustainable and we provide the very best customer service we can by empowering, supporting and rewarding our staff to achieve these high service standards. We believe in self assessment and we meet all Statutory and Regulatory requirements and contractual obligations.

Review of the Business

The Group continues to strengthen its balance sheet with the Group net assets now at just over £34 million. The Association has continued to invest in its housing stock and is well positioned as the deadline for the Scottish Housing Quality Standard draws nearer.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Review of the Business (continued)

The requirement for our accounts to comply with component accounting has given rise to a prior year adjustment which has increased Retained Reserves.

The Association reduced its net debt by £151,263 and the Group reduced its net debt by £ 315,574 to a Group net debt at 31 March 2012 of £16,257,382.

The Association is keen to develop new housing in the short to medium term and is actively progressing plans for two different development sites, one in Duns and the other in Eyemouth where demand for housing is particularly strong.

BHA Enterprise Limited which is a wholly owned subsidiary of the Association has a 2/3 members contribution in a Limited Liability Partnership (Berwickshire Community Renewables LLP) , the other member being Community Energy Scotland Trading Limited, which is itself a wholly owned subsidiary of Community Energy Scotland. This limited liability partnership now has a long lease on a site with planning permission for three wind turbines and it is actively progressing the plans for the construction of these. Once operational it is anticipated that the BHA Group share of profits can be used to invest in affordable housing in Berwickshire.

Seton Care grew its turnover by 5% in the 2011/12 financial year and the Association grew its turnover by 4.2% but overall Group turnover grew by a more modest 2.9%.

Group operating costs grew by 5.9%, and the Group operating surplus dropped by £175,998 to £1,209,496.

The Group is not complacent about the future challenges it will face. The Association is developing services to complement the housing we provide and is mindful that Welfare Reform will create new challenges for tenants and the Association. Seton Care derives much of its turnover from local authorities whose budgets are being held down.

The Association lost two houses to Right to Buy this year (8 in 2010/11) and applied and was successful in extending the exemption on tenants applying to purchase their home under the modernised right to buy.

Both Berwickshire Housing Association Limited (27th May 2011) and Seton Care (5th April 2012) achieved charitable status since the last annual report. The benefit of this will likely be reduced corporate taxation charges and potentially access to funding that is only available to registered charities. It will also make working in partnership with other Registered Social Landlords easier given that the majority of these are themselves already registered charities.

The Group is continuing to work with stakeholders on the plans to rebuild Seton Hall at Berwick-Upon-Tweed.

The Group is launching its re-branding at the Annual General Meeting and as part of this there have been changes in the names of BHA Enterprises Limited to BHA Software Support Limited and Berwickshire Limited to BHA Enterprise Limited. Seton Care Limited formally dropped the Limited from its name and is now known as Seton Care.

Subsidiaries

Seton Care

Seton Care has had a successful trading year and continued to increase its turnover. In the 2011/12 financial year turnover grew to just below £2.5 million although the gross profit is slightly down on last year at £ 887,229 (£ 894,138 2010/11). This is indicative of Seton Care

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Review of the Business (continued)

having to work even harder to achieve its income streams. Administration expenses have decreased to £789,328 (£816,848 2010/11) which means that profit on ordinary activities before taxation is £ 105,160 (£ 82,445 2010/11).

Seton Care is trading in competitive markets and as a company is committed to providing quality services to all its service users. The directors are mindful that Seton Hall remains as the most significant trading activity of this company although the turnover in care at home continues to grow. The company continues to plan for the future with this in mind and is looking at ways of developing other income streams and to engage with communities with a broad range of service offerings.

BHA Software Support Limited (formerly BHA Enterprises Limited)

The company changed its name from BHA Enterprises Limited to BHA Software Support Limited on 3 August 2012 in preparation for the BHA Group re-branding. Turnover is much reduced as the company only activity is to support legacy software until Housing Partners who purchased the software assets last year is able to launch their own version of the software. From 1 April 2012 support for the legacy software will be directly from BHA and BHA Software Support will be following a process for winding up this company in an appropriate manner. BHA is taking professional advice in this regard.

BHA Enterprise Limited (formerly Berwickshire Limited)

BHA Enterprise Limited continued to receive rental income from Seton Care for the rental of Seton Hall. BHA Enterprise Limited has incurred repair costs in the 2011/12 year on this rental property of £ 18,512 (£ 63,653 2010/11). It has also spent £ 45,558 on exploring the re-provisioning / re-building of Seton Hall.

BHA Enterprise Limited is the major share member of a limited liability partnership, Berwickshire Community Renewables LLP. The other partner is Community Energy Scotland Trading Limited. The LLP achieved planning permission for the windfarm on 6th August 2012.

The company made a small surplus after taxation in the year and has a net asset value of £ 367,222 as at 31 March 2012.

Associates and Joint Ventures

Berwickshire Community Renewables LLP – BHA Enterprise Limited is the major share (2/3) member of this LLP.

The LLP is entering an exciting stage having achieved planning permission on 6th August 2012 and plans are being developed by the LLP to construct and operate the wind-farm.

Capital Structure

The Association is financed by a combination of retained reserves, long-term loan facilities and Housing Association Grant provided by the Scottish Government to support new development. The Association is mindful of the need to maintain an efficient capital structure and to manage liquidity risks. The most recent addition to the capital structure was during the

Review of the Business (continued)

2010/11 year when a new £ 490,000 loan facility from Clydesdale Bank plc was put in place to fund the private finance portion of the development at Duns.

Reserves

Revenue Reserves - The Association and Group have strengthened their Revenue Reserves materially this year by careful management of the Group and also by some receipts from RTB sales, a sale of a property in England and the sale of two development sites. Following the adoption of Component Accounting there was also a prior year adjustment to the Revenue Reserve. Revenue Reserves provide a degree of liquidity free from long-term loans and supplement the revolving credit facility. The Association monitors its Revenue Reserve carefully to measure how the targeted mix of Loans to Revenue Reserve is matched against actual Loans and Revenue Reserves.

Designated Reserves - The Association has created a number of designated reserves. In light of the adoption of component accounting it has undesignated the Scottish Housing Quality Standard and Decent Homes Designated Reserve. There are two remaining Designated Reserves, the first of which is the Land Value Fluctuations Reserve which is a Designated Reserve to cope with future fluctuations in land values that may come about as a result of the land strategy review and any possible changes in the intended use of land and market value thereof. The second reserve is the Past Service Pension Contribution Reserve and this reserve is to cope with any fluctuations that arise as regards the past service pension contributions that will need to be recognised at the next actuarial valuation of the pension scheme.

Two of the Association's subsidiaries, Seton Care Limited and Berwickshire Limited, have both made a decision to designate part of their revenue reserves. This is for anticipated future capital expenditure in connection with the commitment to re-build the Seton Hall care home.

Relationship with Funders and Loans drawn down

We have maintained good relationships with our principal lender, The Dunfermline Building Society (now part of the Nationwide Building Society). Our relationship has been built on providing them with good quality information on the financial management of BHA and we are confident that this good long term relationship will be maintained. Last year we concluded a new project loan agreement with Clydesdale Bank plc.

Treasury Management

The Association has an active treasury management function, operated in accordance with the Treasury Policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2012 the Association had £2,800,000 in undrawn loan facilities which are all available immediately for drawing if required.

Review of the Business (continued)

Rental Policy

The Rent Setting & Service Charges Policy aims to provide a strategic framework for setting charges that are affordable, equitable, transparent and consistent, while ensuring that at all times BHA is a financially viable and sustainable organisation.

The main objectives of this policy include:

- establishing a framework for setting rent and service charges that is equitable, transparent and consistent, and which allows sufficient consultation with tenants / sharing owners when charges are reviewed annually;
- ensuring that the rent and service charges set each year provide sufficient resources for BHA to provide a quality management and maintenance service, as well as covering the costs associated with voids and bad debts, loan repayments, planned programmed renewals and new build;
- setting rent levels and service charges that are affordable to households on modest incomes, taking account of available data on household incomes and charges levied by other comparable social landlords within the local housing market.
- to provide a framework for calculating rents for a full range of new build property types to be used when applying for Housing Association Grant.
- to comply with the law and the Scottish Housing Regulator Performance Standard AS1.6 which states “We set rents that take account of affordability, the costs of managing and maintaining our houses, comparability with other social landlords in the area, and that enable us to service existing loans and fulfil contractual obligations. We have a fair system of apportioning rents between individual properties”
- in setting service charges we will comply with the Scottish Housing Regulator Performance Standard AS1.7 which states “We price the services to our tenants and recover costs in a fair and accountable manner”.

BHA has previously used the December year on year RPI figure as the measure of inflation for annual rents increases. This year we will consult on the proposed level of rent increase for 2013/14 during the course of the 2012/13 year.

Stock Investment Policies

The Association seeks to maintain its properties to a high standard. To this end programmes of cyclical repairs are carried out in the medium-term to deal with the gradual and predictable deterioration of building attributes. It is expected that the cost of all these repairs would be charged to the Income and Expenditure Account.

In addition the Association has a long-term programme of major repairs to cover works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement of or repairs to features of the properties or components which have come to the end of their economic lives. The cost of replacing components is capitalised but other repairs are currently charged to the Income and

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Expenditure Account, except where it is identified they may be capitalised within the terms outlined in the Statement of Recommended Practice on Accounting by Registered Social Landlords 2008 and where we feel that there is an element of betterment. The Association has submitted its Standard Delivery Plan in connection with the Scottish Housing Quality Standard. The Scottish Housing Regulator will now monitor our delivery against this plan.

Going Concern

After reviewing the Association's budget for 2012/13 and based on normal business planning and control procedures, the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association has a 30 year £20 million loan facility and a revolving credit facility of £1 million with its Funders and only draws down on those facilities as and when necessary to finance commitments. At the 31 March 2012, the Association had drawn down £18,200,000 of the loan facility but has credit approval for both facilities in full, subject to meeting the financial covenants required by its Funders. Consequently, the Board continues to adopt the going concern basis in preparing the financial statements. During the course of the 2010/11 year the Association secured a loan facility of £490,000 from Clydesdale Bank Plc to fund a specific new build HAG project. This loan was drawn down in the course of that year.

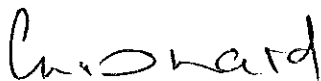
Statement as to disclosure of information to auditors

The Members of the Board of Management who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Members has 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.

Auditors

Findlay and Company were appointed on a three year contract to audit up to the year ending 31 March 2014 and confirmation as auditors for 2012/13 year will be sought at the AGM.

By order of the Board



Colin D Howard

Secretary

Date 31 August 2012

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Statement of Responsibilities of the Board of Management

Housing Association legislation, the Industrial and Provident Societies Acts and the Association's Rules require the Board 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 Group and of the surplus or deficit of that period. In preparing those financial statements the Board of Management are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association and Group will continue in business.

The Board of Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and Group, and to enable it to ensure that the financial statements comply with the Industrial and Provident Acts 1965 to 2002, the Housing (Scotland) Act 2001, and the Registered Housing Associations (Accounting Requirements) (Scotland) Order 2007. It is also responsible for safeguarding the assets of the Association and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Colin D Howard

Secretary

Date 31 August 2012

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Statement of Internal Financial Controls of the Board of Management

The Board 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 responsibility of the Board of Management to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material mis-statement or loss. Key elements include ensuring that:

- formal policies and procedures are in place, including the 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;
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the 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 variance from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- the Board review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Management have reviewed the system of internal financial control in the Association during the year ended 31 March 2012. No weaknesses were found in internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the auditor's report on the financial statements.

By order of the Board



Colin D Howard

Secretary

Date 31 August 2012

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Independent Auditors' Report to the Members of Berwickshire Housing Association Limited

We have audited the financial statements of Berwickshire Housing Association Limited for the year ended 31 March 2012 which comprise Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of the Board of Management and auditors

As explained more fully in the statement of Board's Responsibilities set out on page 9, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require 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; or
- we have not received all the information and explanations we need for our audit.



Alexander Squires (Senior Statutory Auditor)

For and on behalf of: Findlay & Company Chartered Accountants and Statutory Auditors
Dundee, DD3 6TS

Date: 3. August 2012

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Report of the Auditors to Berwickshire Housing Association Limited

On Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the Board's statement on internal controls set out on page 10. The object of our review is to draw attention to any non-compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's systems of internal financial control or its corporate governance procedures.

With respect to the Board's statement on internal control on page 10, in our opinion the Board have provided the disclosures required by the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board members and officers of the Association, and examination of relevant documents, in our opinion the Board's statement on page 10 appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".



Alexander Squires (Senior Statutory Auditor)

For and on behalf of:

Findlay & Company

Chartered Accountants and

Statutory Auditors

11 Dudhope Terrace

Dundee

DD3 6TS

Date: 31 August 2012

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2012****Group Income and Expenditure Account**

	Notes	Year Ended 31 March 2012	Year Ended 31 March 2011
		£	Restated £
Turnover	1	8,754,350	8,509,435
<u>Less:</u> operating costs	1	(7,544,854)	(7,123,941)
Operating Surplus	6	<u>1,209,496</u>	<u>1,385,494</u>
Provision for past service pension contributions	21	-	(405,994)
Gain on sale of fixed assets	24	259,663	109,315
Interest receivable	7	19,716	9,758
Interest payable and similar charges	8	(739,045)	(758,848)
Surplus on ordinary activities before tax		<u>749,830</u>	<u>339,725</u>
Tax on ordinary activities	9	(98,864)	(3,171)
Surplus for the year	18	<u><u>650,966</u></u>	<u><u>336,554</u></u>

Continuing operations: all items dealt with in arriving at the operating surplus for the year relate to continuing operations.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Group Statement of Total Recognised Surpluses and Deficits

	Notes	Year Ended 31 March 2012	Year Ended 31 March 2011
		£	<i>Restated</i> £
Surplus for the year		650,966	336,554
Unrealised surplus on revaluation of housing properties	19	2,230,376	3,677,190
Prior Year Adjustment			
Total recognised surplus for the year		2,881,342	4,013,744
Total surplus recognised since last annual report		2,881,342	4,013,744

**Note of Historical Cost Surpluses and Deficits of the Group
for the Year Ended 31 March 2012**

	Year Ended 31 March 2012	Year Ended 31 March 2011
	£	£
Surplus for the year before taxation	749,830	339,725
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	(225,633)	(171,711)
Realisation of property revaluation gains of previous years	32,244	129,284
Historical cost surplus on ordinary activities before taxation	556,441	297,298

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Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Association Income and Expenditure Account

	Notes	Year Ended 31 March 2012	Year Ended 31 March 2011 (Restated)
		£	£
Turnover	1	6,618,615	6,353,190
<u>Less:</u> operating costs	1	5,491,956	(5,052,828)
Operating Surplus	1,6	<u>1,126,659</u>	<u>1,300,362</u>
Provision for past service pension contributions	21	-	(358,742)
Gain on sale of fixed assets	24	259,663	109,315
Interest receivable	7	11,980	4,562
Interest payable and similar charges	8	(739,045)	(758,848)
Surplus on ordinary activities before tax		<u>659,257</u>	<u>296,649</u>
Provision against intercompany debtor		(45,000)	-
Tax on ordinary activities	9	(59,881)	
Surplus for the year	18	<u>554,376</u>	<u>296,649</u>

Continuing operations: all items dealt with in arriving at the operating surplus for the year relate to continuing operations.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Association Statement of Total Recognised Surpluses and Deficits

	Notes	Year Ended 31 March 2012	Year Ended 31 March 2011
		£	<i>Restated</i> £
Surplus for the year		554,376	296,649
Unrealised surplus on revaluation of housing properties	19	2,230,376	3,677,190
Prior Year Adjustment			
Total recognised surplus for the year		<u>2,784,752</u>	<u>3,973,839</u>
Total surplus / (Deficit) recognised since last annual report		<u>2,784,752</u>	<u>3,973,839</u>

Note of Historical Cost Surpluses and Deficits

	Year Ended 31 March 2012	Year Ended 31 March 2011
	£	<i>Restated</i> £
Surplus/(Deficit) for the year before taxation	614,257	296,649
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	(225,633)	(171,711)
Realisation of property revaluation gains of previous years	32,244	129,284
Historical cost surplus on ordinary activities before taxation	<u>420,868</u>	<u>254,222</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

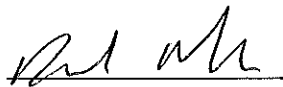
Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Group Balance Sheet as at 31 March 2012

	Notes	2012 £	2011 £
Intangible fixed assets	10	-	-
Tangible fixed assets			
Housing Properties:At Cost / Valuation less Depreciation	11	61,607,947	58,993,745
Less: HAG & other grants received	11	(10,643,680)	(10,613,680)
		50,964,267	48,380,067
Other	11	383,453	488,662
Investments	12	98,674	2
		51,446,394	48,868,731
Current assets			
Stock and Work in Progress	13	296,395	360,332
Debtors	14	812,283	693,774
Current Asset Investments		600,000	
Cash at bank and in hand		1,824,585	2,283,205
		3,533,263	3,337,311
Creditors: amounts due within one year	15	(2,045,855)	(2,092,509)
Net Current Assets/(liabilities)		1,487,408	1,244,802
Total assets less current liabilities		52,933,802	50,113,533
Creditors: amounts due after one year	16	(18,872,927)	(19,023,885)
Provisions for liabilities		-	-
Net Assets		34,060,875	31,089,648
Capital and Reserves			
Share Capital	17	153	149
Revenue Reserve	18	5,376,452	4,603,361
Designated Reserve	20	1,674,882	1,674,882
Revaluation Reserve	19	27,009,388	24,811,256
		34,060,875	31,089,648

The financial statements on pages 13 to 54 were approved and authorised for issue by the Board of Management and signed on its behalf by:

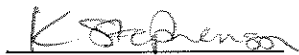
David Melrose
Vice Convener



C Howard
(Secretary)



Kate Stephenson
Vice Convener



Date

31 August 2012

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

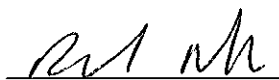
Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Association Balance Sheet as at 31 March 2012

	Notes	2012	2011
		£	£
Intangible fixed assets	10		-
Tangible fixed assets			
Housing Properties: At Cost / Valuation less depreciation	11	61,607,947	58,993,745
<u>Less:</u> HAG & other grants received	11	(10,643,680)	(10,613,680)
Housing Properties		50,964,267	48,380,067
Other	11	308,328	401,771
Investments	12	2	2
		51,272,597	48,781,840
Current assets			
Stock	13	7,974	48,798
Debtors	14	520,897	346,981
Current Asset Investments		375,000	-
Cash at bank and in hand		1,162,092	1,557,910
		2,065,963	1,953,689
Creditors: amounts due within one year	15	(1,436,908)	(1,541,429)
Net Current Assets / (Liabilities)		629,055	412,260
Total assets less current liabilities		51,901,652	49,194,100
Creditors: amounts due after one year	16	(18,785,530)	(18,922,615)
Net Assets		33,116,122	30,271,485
Capital and Reserves			
Share Capital	17	153	149
Revenue Reserve	18	5,106,581	4,460,080
Designated Reserves	20	1,000,000	1,000,000
Revaluation Reserve	19	27,009,388	24,811,256
		33,116,122	30,271,485

The financial statements on pages 13 to 54 were approved and authorised for issue by the Board of Management and signed on its behalf by:

David Melrose
Acting Convener



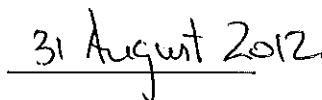
C Howard
(Secretary)



Kate Stephenson
Vice Convener



Date



BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Group Cash Flow Statement

	Year to 31 March 2012	Year to 31 March 2011 Restated
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating Surplus	1,226,321	1,385,494
Depreciation & Amortisation	1,328,290	1,254,014
Past Service Pension Contribution	(129,420)	0
Release of Grant for Equipment	(13,308)	0
Increase in provision for investment	45,000	34,258
Share Capital	4	(1)
Decrease/(Increase) in stock and Work in Progress	63,937	212,930
Decrease/(Increase) in debtors	(118,507)	(17,867)
Increase in creditors	(9,013)	154,628
Net cash inflow from operating activities	<u>2,393,304</u>	<u>3,023,456</u>
 CASH FLOW STATEMENT		
Net cash inflow from operating activities	2,393,304	3,023,456
Returns on investment and servicing finance (note A)	(719,329)	(749,090)
Taxation /(paid)	(3,171)	(54,132)
Capital (Expenditure)/Income (note A)	(1,354,961)	(2,035,549)
	<u>315,843</u>	<u>184,685</u>
Management of liquid resources :		
Cash withdrawal from excess right to buy account		
Financing (note A)	(273)	486,513
(Decrease)/Increase in cash in the year	<u>315,570</u>	<u>671,198</u>
Reconciliation of net cash flow to movement in net debt (note B)		
(Decrease)/Increase in cash in the year	315,570	671,198
Loans drawn down / (repaid) in the year	-	(490,000)
Cash increase / (decrease) in liquid resources	4	(1)
Movement in Net Debt	<u>315,574</u>	<u>181,197</u>
Net Debt at 1 April 2011	(16,572,956)	(16,754,153)
Net Debt at 31 March 2012	<u>(16,257,382)</u>	<u>(16,572,956)</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Cash Flow Statement

A. GROSS CASH FLOWS	Year to 31 March 2012 £	Year to 31 March 2011 £
Returns on investment and servicing finance		
Interest received	19,716	9,758
Interest paid	(739,045)	(758,848)
Net cash outflow	(719,329)	(749,090)
Capital Expenditure		
Payments to acquire and develop housing	(1,628,309)	(2,348,597)
Grants received	30,000	310,490
Payments to acquire other fixed assets	(136,179)	(303,345)
Receipt from sale of non-housing property	-	2,000
Receipts from sales of housing property	379,527	303,903
Net cash (outflow)/ inflow	(1,354,961)	(2,035,549)
Financing		
Mortgage and other loans received	0	490,000
HP Repayment	(277)	(3,486)
Share capital issued	14	0
Share capital purchased	(10)	(1)
Net cash inflow/(outflow)	(273)	486,513

**B. ANALYSIS OF
CHANGE IN NET DEBT**

	01 April 2011 £	Cash Flows £	31 March 2012 £
Cash at bank	2,283,205	(458,620)	1,824,585
Current Account Investments	0	600,000	600,000
Overdraft	(166,161)	157,957	(8,204)
	2,117,044	299,337	2,416,381
Debt < 1 year	(12,600)	(1,068)	(13,668)
Debt > 1 year	(18,677,400)	17,305	(18,660,095)
TOTAL	(16,572,956)	315,574	(16,257,382)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Association Cash Flow Statement

	Year to 31 March 2012	Year to 31 March 2011 Restated
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating Surplus	1,126,659	1,300,362
Depreciation	1,239,667	1,248,627
Past Service Pension Contribution	(114,357)	-
Release of grant for equipment	(13,308)	-
Share Capital	4	(1)
Decrease / (Increase) in Investments	-	-
Decrease/(Increase) in Work in Progress	40,823	30,179
Decrease/(Increase) in debtors	(102,823)	374,564
Increase/(Decrease) in creditors	(70,061)	1,905
Net cash inflow from operating activities	2,106,603	2,955,636
CASH FLOW STATEMENT		
Net cash inflow from operating activities	2,106,603	2,955,636
Returns on investment and servicing finance (note A)	(727,065)	(754,286)
Taxation refund/(paid)	-	-
Capital Expenditure (note A)	(1,246,379)	(2,028,552)
	133,159	172,798
Financing (note A)	(273)	(489,829)
(Decrease)/Increase in cash in the year	132,886	662,627
Reconciliation of net cash flow to movement in net debt (note B)		
(Decrease) / Increase in cash in the year	132,886	662,627
Loans (repaid) / drawn down in the year	17,305	(490,000)
Cash increase/(decrease) in liquid resources	4	(1)
Movement in Net Debt	150,195	172,626
Net Debt at 1 April 2010	(17,295,070)	(17,467,696)
Net Debt at 31 March 2011	(17,144,875)	(17,295,070)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Association Cash Flow Statement

A. GROSS CASH FLOWS	Year to 31 March 2012 £	Year to 31 March 2011 £	
Returns on investment and servicing finance			
Interest received	11,980	4,562	
Interest paid	(739,045)	(758,848)	
Net cash outflow	<u>(727,065)</u>	<u>(754,286)</u>	
Capital Expenditure			
Payments to acquire and develop housing	(1,628,309)	(2,370,117)	
Grants received	30,000	310,490	
Payments to acquire other fixed assets	(27,597)	(272,828)	
Receipts from sales of housing property	379,045	303,903	
Net cash (outflow)/ inflow	<u>(1,246,379)</u>	<u>(2,028,552)</u>	
Financing			
Mortgage and other loans received	0	490,000	
HP Repayment	(277)	(170)	
Share capital issued	14	-	
Share capital cancelled	(10)	(1)	
Net cash outflow	<u>(273)</u>	<u>489,829</u>	
 B. ANALYSIS OF CHANGE IN NET DEBT			
	1 April 2011 £	Cash Flows £	31 March 2012 £
Cash at bank	1,557,910	(395,818)	1,162,092
Current Asset Investments	-	375,000	375,000
Overdraft	(162,980)	154,776	(8,204)
	<u>1,394,930</u>	<u>133,958</u>	<u>1,528,888</u>
Debt < 1 year	(12,600)	(1,068)	(13,668)
Debt > 1 year	(18,677,400)	17,305	(18,660,095)
TOTAL	<u>(17,295,070)</u>	<u>150,195</u>	<u>(17,144,875)</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards, with the exception of Housing Properties held for letting which are shown at their revalued amount. The accounts comply with the Registered Housing Associations (Accounting Requirements) (Scotland) Order 2007 and with the Statement of Recommended Practice on Accounting by Registered Social Landlords 2010.

Basis of Consolidation

The Group financial statements consolidate the accounts of Berwickshire Housing Association Limited, and its subsidiary companies at 31 March 2012 using acquisition accounting. The subsidiaries are BHA Enterprise Limited (*formerly Berwickshire Limited*), BHA Software Limited (*formerly BHA Enterprises Limited*) and Seton Care all of whom traded for a full year. Berwickshire Community Renewables LLP is a partly owned subsidiary of BHA Enterprise Limited.

Cash Flow Statement

Prepared in accordance with FRS 1 (revised).

Turnover

Turnover represents rental and service charge income receivable from tenants and income from the sale of computer software.

Research & Development, Intellectual Property & Patents

Research & development, intellectual property and patents are capitalised once the projects to which they relate become technically feasible and commercially viable. Intellectual property rights were valued in the 2003 accounts by the directors.

Land

Land is valued at cost as a non-depreciable asset as the intention is to hold the land for future affordable housing development.

Housing Properties and Depreciation

Housing properties held for letting are stated at their revalued amount. Housing properties under construction are stated at 'Cost' which includes the costs of acquiring land & buildings and the development expenditure. Depreciation is charged on a component accounting basis. In accordance with Financial Reporting Standard 15, an annual impairment review is required because depreciation is treated as immaterial. A full and detailed review was carried out at 31 March 2000 which assessed if any Association properties were shown at a value in excess of their recoverable amount.

The results of the review concluded that a small number of properties could be considered in this category, but that their impact on the accounts was immaterial.

The assumptions made in the review to 31 March 2000 were revisited and tested for their continued relevance at 31 March 2012. The Association also operates a choice based allocation system and so it is easy to measure the active interest from potential tenants in properties that become available for relet. Impairment is recognised when the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units. There is no evidence to suggest that there is any impairment in the income generating units at 31 March 2012.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Component Accounting

Depreciation is calculated to write down the cost of components on a straight line basis over the expected useful lives at the following rates:

Walls	100 years
Windows	20 years
Kitchens	20 years
Boilers	10 years
Structure	100 years
Roofs	60 years
Doors	20 years
Heating	20 years
Bathrooms	20 years
Renewables	20 years
HAG Structure	100 years

Land and Land HAG are not depreciated.

Deferred Taxation

Deferred taxation is the tax attributable to timing differences between profits computed for tax purposes and the results as stated in the financial statements.

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Work In Progress

Work in progress is stated at the lower of cost and net realisable value.

Developments in progress are included in Work In Progress at cost. Turnover is only recognised when a contract for sale has been signed.

Assets held under finance lease

Assets held under a finance lease are capitalised at the cash cost thereof and depreciated at the same rate as owned assets of that category. Finance lease obligations are separately identified. Interest is charged to the income statement using the sum of the digits method.

Capitalisation of development overheads

The Association capitalises development overheads incurred in the major refurbishment work/improvements. These relate only to the standard improvement programme and then again only to what is capitalised of this total expenditure.

Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of the 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.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Social Housing Grants and Other Grants

Housing assets are stated at valuation. Historic cost information is given by way of note. Where grants of a capital nature have been received towards the cost of developments, the cost of these developments has been reduced by the amount of grant receivable. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Although the deduction from the cost of a property contravenes the Companies Act 2006, we believe this disclosure gives a true and fair view of the asset value.

Grants are repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of the sale.

Other Fixed Assets

Depreciation is calculated to write down the cost of other fixed assets on a straight line basis over the expected useful lives at the following rates:

Computer hardware	2 years
Other equipment	5 years
Office premises	10 years
Motor Vehicles	5 years
Tools	2 years
Improvements to leased properties	5 years

Hire Purchase assets are depreciated at the same rate as owned assets

Maintenance and Major Repairs

Component costs are capitalised. Other actual costs incurred are charged to operating costs in the Income & Expenditure Account.

A designated reserve for the Scottish Housing Quality Standard / Decent Homes Standard has been created specifically to deal with any unusual expenditure required in the foreseeable future in order to meet these standards in the required timescales. No designated reserve for other major repairs has been created since the Association's maintenance plans spread the expenditure over future years on a planned basis. The latest expenditure plans have been validated by FPD Savills, Chartered Surveyors.

Lease Obligations

Rentals paid under operating leases are charged to the Income & Expenditure Account on the accruals basis.

Interest on borrowings

We do not capitalise any of the interest paid on borrowings which relate to assets under construction.

Supporting People Income and Expenditure

The Association has a contract to provide Supporting People services to Scottish Borders Council: The contract value is passed to Seton Care Limited who delivers Supporting People services on the ground, on behalf of the Association.

Pension Contributions

The Association participates in the multi-employer defined benefits pension scheme of the Scottish Housing Associations' Pension Scheme and retirement benefits to which employees are entitled are

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Pension Contributions continued

funded by contributions from all participating employers and employees in the scheme. The Scheme is contracted out of the state scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations as a whole.

The expected cost to the Association of pensions is charged to the income and expenditure account so as to spread the cost of pensions over the service lives of the employees.

In regard to past service contributions, a provision has been made for the costs that will be paid until the next actuarial valuation of the scheme, which is carried out on a tri-annual basis. The balance of the past service contributions which was last estimated at the actuarial valuation as another nine and a half years is regarded as a contingent liability since these will likely change as a result of the next actuarial valuation.

Value Added Tax

The Association is VAT registered. However a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT. There is a group VAT registration scheme; all subsidiaries therefore have to use the partial exemption calculation.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period in the current year was 20 days.

Designated Reserve

Berwickshire Housing Association has two (three in 2010/11) Designated Reserves. The first Reserve, the Scottish Housing Quality Standard / Decent Home Reserve, in the amount of £ nil (£ 300,000 : 2010/11) has been undesignated as a result of the change to component accounting.. The second is the Land Value Fluctuation Reserve in the amount of £ 500,000 (£ 500,000 in 2010/11) and the third is the Past Service Pension Cost Reserve in the amount of £ 500,000 (£ 200,000 in 2010/11). In all cases these reserves were set up to help to offset expected future costs.

Two subsidiary companies have a Designated Reserve, which has been set up to recognise an agreement to re-build a care home in Berwick-Upon-Tweed in the medium term. A Designated Reserve is being built up to set-off some of the capital expenditure of the new home.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

1. Particulars of turnover, operating costs and operating surplus or deficit

	<i>Turnover</i>	<i>Operating Costs</i>	<i>Operating Surplus or Deficit</i>	<i>Operating Surplus or Deficit for previous period of Account (Restated)</i>
	£	£	£	£
Social Lettings	6,131,354	4,946,041	1,185,313	1,468,004
Other Activities	2,622,996	2,598,813	24,183	(82,510)
Total	8,754,350	7,544,854	1,209,496	1,385,494

Total for previous period of account

1,385,494

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

2. Group particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	Housing Accommodation £	Supported Housing Accommodation £	Shared Ownership Housing £	Garages £	2012 Total £	2011 Total £
Income from Lettings						
Rent Receivable net of Identifiable Service Charges	5,423,157	333,416	4,625	203,762	5,964,960	5,569,353
Service Charges Receivable	40,455	152,878	-	-	193,333	177,389
Gross Income from Rents and Service Charges	5,463,612	486,294	4,625	203,762	6,158,293	5,746,742
Less : Rent Losses from Voids	(49,985)	(33,275)	(1,548)	(23,511)	(108,319)	(67,157)
Net Income for rents and service charges	5,413,627	453,019	3,077	180,251	6,049,974	5,679,585
Add: Revenue Grants from the Scottish Ministers	48,401	-	-	-	48,401	7,372
Add: Other Revenue Grants	32,979	-	-	-	32,979	-
Total Turnover from Social Lettings Activities	5,495,007	453,019	3,077	180,251	6,131,354	5,686,957
Expenditure on Letting Activities						
Management and Maintenance Admin Costs	1,769,348	147,592	-	168,677	2,085,617	1,926,817
Depreciation on Components	1,109,013	58,369	-	-	1,167,382	1,105,318
Service Costs	85,386	87,536	-	-	172,922	144,288
Planned and cyclical Maintenance including Major repairs	563,512	29,659	-	-	593,171	184,424
Reactive Maintenance	764,407	40,232	-	5,833	810,472	740,277
Rent Losses from Bad Debts	110,653	5,824	-	-	116,477	117,829
Total Expenditure on Lettings	4,402,319	369,212	-	174,510	4,946,041	4,218,953
Operating Surplus on Letting Activities	1,092,688	83,807	3,077	5,741	1,185,313	1,468,004
Operating Surplus or deficit for social letting for previous period of account	1,242,757	93,078	(539)	19,930	1,355,226	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ NIL (2011: £ NIL)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

3. Group Particulars of Turnover, Operating costs and Surplus/(Deficit) from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Supporting people Income	Other Turnover	Total Turnover	Operating Cost – bad debts	Other operating Costs	Operating Surplus/ (Deficit)	Operating Surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Other Income and Expenditure									
Wider Role	55,267	-	-	-	55,267	-	78,688	(23,421)	(6,340)
Care and Repair of property	-	-	-	-	-	-	-	-	-
Factoring - Agency services	-	-	-	28,416	28,416	-	31,305	(2,889)	(1,245)
Development and Construction of Property Activities	-	-	-	-	-	-	40,846	(40,846)	(48,729)
Support Activities	-	-	144,995	-	144,995	-	144,882	113	(1,086)
Care Activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and Improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	(21,157)
Other Activities	-	-	-	-	-	-	-	-	-
Commercial Rental Non-Housing Property	-	-	-	84,682	84,682	-	90,708	(6,026)	26,297
Group Business Development	-	-	-	-	-	-	-	-	-
Berwickshire Community Renewables LLP	-	-	-	-	-	-	1,328	(1,328)	-
BHA Computer Services – Computer Services	-	-	-	36,089	36,089	-	8,576	27,513	2,557
Seton Care – Residential Care & Homecare	-	-	-	2,270,162	2,270,162	-	2,122,856	147,306	89,567
BHA Enterprise Limited – Property Development & Project Management	-	-	-	3,385	3,385	-	79,624	(76,239)	(122,374)
	55,267	-	144,995	2,422,734	2,622,996	-	2,598,813	24,183	(82,510)
Total from other activities for the previous period	90,556	33,615	192,837	2,505,470	2,822,478	-	2,904,988	(82,510)	

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Association Financial Statements

I. Particulars of turnover, operating costs and operating surplus or deficit						
	Note	Turnover	Operating Costs	Operating Surplus or Deficit	Operating Surplus or Deficit for	
		£	£	£	previous period of account	£
Social Lettings	2	6,131,354	4,947,799	1,183,555	1,355,226	
Other Activities	3	487,261	544,157	(56,896)	(54,864)	
Total		6,618,615	5,491,956	1,126,659	1,300,362	
Total for previous period of account		6,353,190	5,052,828	1,300,362		

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

2. Berwickshire Housing Association particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	Housing Accommodation £	Supported Housing Accommodation £	Shared Ownership Housing £	Garages £	2011 Total £	2012 Total £
Income from Lettings						
Rent Receivable net of Identifiable Service Charges	5,423,157	333,416	4,625	203,762	5,964,960	5,569,353
Service Charges Receivable	40,455	152,878	-	-	193,333	177,389
Gross Income from Rents and Service Charges	5,463,612	486,294	4,625	203,762	6,158,294	5,746,742
Less : Rent Losses from Voids	(49,986)	(33,275)	(1,548)	(23,511)	(108,320)	(67,157)
Net Income for rents and service charges	5,413,626	453,019	3,077	180,251	6,049,973	5,679,585
Add: Revenue Grants from the Scottish Ministers	48,401	-	-	-	48,401	7,372
Add: Other Revenue Grants	32,979	-	-	-	32,979	-
Total Turnover from Social Lettings Activities	5,495,006	453,019	3,077	180,251	6,131,353	5,686,957
Expenditure on Letting Activities						
Management and Maintenance Admin Costs	1,771,106	147,592	-	168,677	2,087,375	2,039,595
Depreciation on components	1,109,013	58,369	-	-	1,167,382	1,105,318
Service Costs	83,386	87,536	-	-	172,922	144,288
Planned and cyclical Maintenance including Major repairs	563,512	29,659	-	-	593,171	184,424
Reactive Maintenance	764,407	40,232	-	5,833	810,472	740,277
Rent Losses from Bad Debts	110,653	5,824	-	-	116,477	117,829
Total Expenditure on Lettings	4,404,077	369,212	-	174,510	4,947,799	4,331,731
Operating Surplus on Letting Activities	1,090,929	83,807	3,077	5,742	1,183,555	1,355,226
Operating Surplus or deficit for social letting for previous period of account	1,248,153	87,682	(539)	19,930	1,355,226	1,355,226

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £NIL (2011: £NIL)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

3. Particulars of Turnover, Operating costs and Surplus/(Deficit) from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Supporting people Income	Other Turnover	Total Turnover	Operating Cost – bad debts	Other operating Costs	Operating Surplus/ (Deficit)	Operating Surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Other Income and Expenditure									
Wider Role	55,267	-	-	-	55,267	-	78,688	(23,421)	(6,340)
Care and Repair of property	-	-	-	-	-	-	-	-	-
Factoring - Agency services	-	-	28,416	-	28,416	-	31,305	(2,889)	(1,245)
Development and Construction of Property Activities	-	-	-	-	-	-	40,846	(40,846)	(48,729)
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	144,995	-	144,995	-	144,882	113	(1,086)
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	(21,157)
Developments and Improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Other Activities	-	-	-	-	-	-	-	-	-
Commercial Rental Non-Housing Property	-	-	99,857	-	99,857	-	90,707	9,150	26,297
Business Support Services to Group Companies	-	-	158,726	-	158,726	-	157,729	997	(2,604)
	55,267	-	144,995	286,999	487,261	0	544,157	(56,896)	
Total from other activities for the previous period	90,556	-	192,837	349,225	666,233	0	721,097	(54,864)	(54,864)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

The Association is controlled by a voluntary Board of Management who received no remuneration during the year to 31 March 2012 (2011 - £ nil).

The Executive Officers of the Association hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board.

	Group Year to 31 March 2012 £	Group Year to 31 March 2011 £	Housing Association Year to 31 March 2012 £	Housing Association Year to 31 March 2011 £
4. Senior Officers' Remuneration				
Aggregate remuneration payable to Senior Officers whose remuneration (including pension contributions, loss of office and benefits in kind) is £ 60,000 or more.				
Salary payments	348,691	318,192	288,209	259,326
Pension Contributions	28,658	45,614	23,792	37,436
The Chief Executive and five (2010 two) other Senior Officers referred to above are ordinary members of the pension scheme described in Note 21. No enhanced or special terms apply to memberships and they have no other pension arrangements to which the Association or any of its subsidiaries contributes.				
Emoluments payable to Highest Paid Senior Officer (excluding pension contributions)	87,099	85,954	87,099	85,954
Emoluments paid to Chief Executive	87,099	85,954	87,099	85,954
	£	£	£	£
Total expenses reimbursed to Senior Officers in so far as not chargeable to United Kingdom income tax	11,403	9,270	8,642	6,257

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

5. Employee Information	BHA Group Year to 31 March 2012 No	BHA Group Year to 31 March 2011 No	Housing Association Year to 31 March 2012 No	Housing Association Year to 31 March 2011 No
The average full time equivalent number of persons employed by the Association during the year was as follows :	112	98	46	48
average number of employees	144	129	51	53
<u>Staff Costs</u> (including directors' emoluments)	£	£	£	£
Wages and salaries	2,714,796	2,543,321	1,317,583	1,358,784
Social security costs	177,295	174,7998	107,527	104,975
Pension costs	141,320	171,722	101,414	139,825
	3,033,411	2,889,841	1,526,524	1,603,584

	Group Year to 31 March 2012 £	Group Year to 31 March 2011 £	Housing Association Year to 31 March 2012 £	Housing Association Year to 31 March 2011 Restated £
6. Operating Surplus				
Operating surplus is stated after charging:				
Depreciation of owned assets	148,400	140,725	134,348	143,309
Depreciation on components	1,167,382	1,105,318	1,167,382	1,105,318
Depreciation of assets held under finance lease and hire purchase contracts	6,254	7,971	-	-
Hire of office premises under operating leases	19,899	13,661	5,974	6,887
Finance charges payable – finance leases and hire purchase contracts	11,829	13,585	-	91
Repairs to property	2,975,187	2,524,252	2,975,187	2,556,347
Deduct: capitalised as improvements	(1,571,545)	(1,631,646)	(1,571,545)	(1,631,646)
Auditors' remuneration - Audit service	24,300	20,403	14,760	12,633
- Non-audit service	15,441	10,618	15,441	10,618

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

7. Interest Receivable	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
On Association Funds	19,716	4,562	11,980	4,562
Interest on Subsidiary Funds	-	1,190	-	-
Interest Charged to subsidiaries	-	-	-	-
	<u>19,716</u>	<u>5,752</u>	<u>11,980</u>	<u>4,562</u>

8. Interest Payable and Similar Charges	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2010
	£	£	£	£
Interest payable on building society and bank loans repayable in more than five years	739,045	736,674	739,045	736,674
Interest Payable to Subsidiaries	-	-	-	-
Interest payable on Association onward lending loans repayable	-	-	-	-
Other charges	-	22,083	-	22,083
Hire Purchase	-	91	-	91
	<u>739,045</u>	<u>758,848</u>	<u>739,045</u>	<u>758,848</u>

9. Tax on Surplus on Ordinary Activities	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Taxation on surplus for the year	(98,864)	(3,171)	(59,881)	-
	<u>(98,864)</u>	<u>(3,171)</u>	<u>(59,881)</u>	<u>-</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

10. Intangible Fixed assets	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Balance at 1 April	-	-	-	-
Additions in Year	-	-	-	-
Disposals in Year	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 March 2011	-	-	-	-

Intellectual Assets are amortised over five years.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

11. Tangible Fixed Assets - Restated	Housing Properties held for letting	Housing Properties held for letting and Under Construction	Land	Total Housing	Heritable Office Property	Leashold Improvements	Equipment	Motor Vehicles	Total
	£	£	£	£	£	£	£	£	£
Cost or Revaluation									
At 31 March 2011	66,203,679	95,575	2,067,787	68,367,041	762,562	106,519	877,852	52,466	70,166,440
Additions in the year	153,406	211,301	-	364,707	-	-	19,187	16,950	400,844
Capitalised Improvements	1,238,600	-	-	1,238,600	-	-	-	-	1,238,600
Disposals in the year	(31,760)	-	(31,760)	(31,760)	-	-	-	-	(31,760)
Transfer	277,099	(216,133)	(60,966)	-	-	-	-	-	-
(Deficit) / Surplus on revaluation	2,198,132	-	-	2,198,132	-	-	-	-	2,198,132
At 31 March 2012	70,039,156	90,743	2,006,821	72,136,720	762,562	106,519	897,039	69,416	73,972,256
Grants Received									
At 31 March 2011	9,840,383	-	773,297	10,613,680	-	-	23,486	-	10,637,166
Received in the year	30,000	30,000	-	30,000	-	-	-	-	30,000
Transferred / Released in the year	30,000	(30,000)	-	-	-	-	(13,308)	-	(13,308)
At 31 March 2012	9,870,383	-	773,297	10,643,680	-	-	10,178	-	10,653,858
Depreciation									
At 31 March 2011	9,373,296	-	-	9,373,296	603,484	93,936	563,280	26,551	10,660,547
Charged for the year	1,167,382	-	-	1,167,382	51,016	4,448	88,104	11,086	1,322,036
Eliminated on Disposals	(11,905)	-	-	(11,905)	-	-	-	-	(11,905)
At 31 March 2012	10,528,773	-	-	10,528,773	654,500	98,384	651,384	37,637	11,970,678
Net Book Value									
At 31 March 2012	49,640,000	90,743	1,233,524	50,964,267	108,062	8,135	235,477	31,779	51,347,720
At 31 March 2011	46,990,000	95,575	1,294,493	48,380,067	159,078	12,583	291,086	25,915	48,868,729

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

11. Tangible Fixed Assets Restated (Contd)	Housing Properties held for letting	Housing Properties held for letting and Under Construction	Land	Heritable Office Property	Leasehold Improvements	Equipment	Motor Vehicles	Total
	£	£	£	£	£	£	£	£
Cost or valuation at 31 March 2012 is represented by:								
Gross cost	43,029,768	90,743	2,006,821	762,562	106,519	897,039	69,416	46,962,868
Less Depreciation on components	10,528,773							10,528,773
Less HAG and other grants and receipts	9,870,383		773,297					10,643,680
	22,630,612	90,743	1,233,524	762,562	106,519	897,039	69,416	25,790,415
Revaluation reserve	27,009,388	-	-	-	-	-	-	27,009,388
	49,640,000	90,743	1,233,524	762,562	106,519	897,039	69,416	52,799,803

The Association received HAG of £30,000 in the year to 31 March 2012 (2011:£291,004).

The Associations funding package from Dunfermline Building Society funds the whole business of which development is part. Consequently, there is no interest capitalised on development period loans in the year. Administration costs capitalised in the period amounted to £ nil (2011: £15,788)-None of the Association's land or properties are held under a lease except as mentioned in note 21.

Note:- Housing properties held for letting were professionally valued by Alistair Addison MRICS of Savills (L & P) Limited, Chartered Surveyors in accordance with the definition of Existing Use Value for Social Housing (EUV-SH) as at 31 March 2012. The valuation was prepared in accordance with RICS Valuation Standards, 8th edition effective from 30 March 2012 in accordance with the requirements of Valuations Standards VS6. In determining this valuation, the valuers made use of discounted cash flow methodology and key assumptions made concerning the level of future rents, the rate of turnover of existing tenants, the level of sales and the discount rate. The assumed discount rate was 5.5% real

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Association Financial Statements

11. Tangible Fixed Assets - Restated	Housing Properties held for letting	Housing Properties held for letting and Under Construction	Land	Total Housing	Heritable Office Property	Leasehold Improvements	Equipment	Motor Vehicles	Total
Cost or Revaluation	£	£	£	£	£	£	£	£	£
At 31 March 2011	66,203,679	95,575	2,067,787	68,367,041	762,562	62,544	766,368	21,769	69,980,284
Additions in the year	153,406	211,301	-	364,707	-	-	10,647	16,950	392,304
Capitalised Improvements	1,238,600	-	-	1,238,600	-	-	-	-	1,238,600
Disposals in the year	(31,760)	-	-	(31,760)	-	-	-	-	(31,760)
Transfer	277,099	(216,133)	(60,966)	-	-	-	-	-	-
(Deficit) / Surplus on revaluation	2,198,132	-	-	2,198,132	-	-	-	-	2,198,132
At 31 March 2012	70,039,156	90,743	2,006,821	72,136,720	762,562	62,544	777,015	38,719	73,777,560
Grants Received									
At 31 March 2011	9,840,383	-	773,297	10,613,680	-	-	23,486	-	10,637,166
Received in the year	-	30,000	-	30,000	-	-	-	-	30,000
Transferred / Released in the year	30,000	(30,000)	-	-	-	-	(13,308)	-	(13,308)
At 31 March 2012	9,870,383	-	773,297	10,643,680	-	-	10,178	-	10,653,858
Depreciation									
At 31 March 2011	9,373,296	-	-	9,373,296	603,484	62,544	517,606	4,352	10,561,282
Charged for the year	1,167,382	-	-	1,167,382	51,016	-	75,588	7,744	1,301,730
Eliminated on Disposals	(11,905)	-	-	(11,905)	-	-	-	-	(11,905)
At 31 March 2012	10,528,773	-	-	10,528,773	654,500	62,544	593,194	12,096	11,851,107
Net Book Value									
At 31 March 2012	49,640,000	90,743	1,233,524	50,964,267	108,062	-	173,643	26,623	51,272,595
At 31 March 2011	46,990,000	95,575	1,294,493	48,380,067	159,078	-	225,276	17,417	48,781,836

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Association Financial Statements

11. Tangible Fixed Assets Restated (Contd)	Housing Properties held for letting	Housing Properties held for letting and Under Construction	Land	Heritable Office Property	Leasehold Improvements	Equipment	Motor Vehicles	Total
	£	£	£	£	£	£	£	£
Cost or valuation at 31 March 2012 is represented by:								
Gross cost	43,029,768	90,743	2,006,821	762,562	62,544	777,015	38,719	46,768,172
Less Depreciation on components	10,528,773							10,528,773
Less HAG and other grants and receipts	9,870,383		773,297					10,643,680
	22,630,612	90,743	1,233,524	762,562	62,544	777,015	38,719	25,595,719
Revaluation reserve	27,009,388	-	-	-	-	-	-	27,009,388
	49,640,000	90,743	1,233,524	762,562	62,544	777,015	38,719	52,605,107

Housing Association

BHA Group

Assets held on Hire Purchase as at 31 March 2012

	2012	2011	2012	2011
Cost	£ 114,443	£114,443	£39,395	£39,395
Accumulated Depreciation	£ 63,077	£54,363	£39,395	£39,395
Charge for the year	£ 8,714	£ 8,714	-	-

The Association received HAG of £ 10,000 in the year to 31 March 2012 (2011 :£ 291,004) and £20,000 from Scottish Borders Council.

The Associations funding package from Dunfermline Building Society funds the whole business of which development is part. Consequently, there is no interest capitalised on development period loans in the year. Administration costs capitalised in the period amounted to £ nil (2011: £15,788). None of the Association's land or properties are held under a lease except as mentioned in note 21. Project finance was secured in the 2010/11 year for a new development of twelve units in Duns. No interest was capitalised on the development period loan in the year and no administration costs were capitalised. Note- Housing properties held for letting were professionally valued by Alistair Addison MRICS of Savills (L & P) Limited, Chartered Surveyors in accordance with the definition of Existing Use Value for Social Housing (EUV-SH) as at 31 March 2012. The valuation was prepared in accordance with RICS Valuation Standards, 8th edition effective from 30 March 2012 in accordance with the requirements of Valuations Standards VS6. In determining this valuation, the valuers made use of discounted cash flow methodology and key assumptions made concerning the level of future rents, the rate of turnover of existing tenants, the level of sales and the discount rate. The assumed discount rate was 5.50% real

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

12 Investments	BHA Group		Housing Association	
	2012	2011	2012	2011
At Cost	£	£	£	£
Unlisted – shares in subsidiary companies	207,003	207,003	207,003	207,003
Provision against investment in <i>homehunt</i> Limited	(207,001)	(207,001)	(207,001)	(207,001)
Other Investments – Joint Venture	98,672	-	-	-
Balance	98,674	2	2	2

The Association has ultimate control over the companies listed below. BHA Software Limited (formerly BHA Enterprises Limited) was established to market IT software products and the Association owns 100% of its issued share capital which totals 207,003 ordinary shares of £1 each. In the group accounts, it is accounted for as a subsidiary.

The Association is also the 100% owner of Seton Care a company limited by guarantee which specialises in care service delivery including residential care and care at home and managing the housing support contract on behalf of the Association. In the group accounts, it is accounted for as a subsidiary.

BHA Enterprise Limited (formerly Berwickshire Limited) is a private company wholly owned by the Association, which specialises in the owning of property and the delivery of renewable energy solutions. At midnight on 31 March 2004 it took ownership of a residential care home in Berwick-upon-Tweed. The Association owns the only issued share in the company with a nominal value of £1. In the group accounts, it is accounted for as a subsidiary. BHA Enterprise Ltd is the majority member, with a 2/3 stake, in Berwickshire Community Renewables LLP, which is a joint venture set up to develop and own a wind-farm.

	2012	2011
	£	£
Aggregate capital and reserves		
BHA Software Support Ltd (<i>formerly BHA Enterprises Limited</i>)	721	(17,723)
Profit / (Loss) for the year		
BHA Software Support Ltd (<i>formerly BHA Enterprises Limited</i>)	18,401	18,763
Aggregate capital and reserves		
Seton Care	548,138	470,146
Profit for the year		
Seton Care	77,992	29,770
Aggregate capital and reserves		
BHA Enterprise Limited (<i>formerly Berwickshire Limited</i>)	367,222	365,740
Profit for the year		
BHA Enterprise Limited (<i>formerly Berwickshire Limited</i>)	1,482	(8,628)

Berwickshire Housing Association Limited is considered to be the ultimate parent undertaking of the group.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

13 Stock and Work in Progress	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Stock	296,395	360,332	7,974	48,798
	<u>296,395</u>	<u>360,332</u>	<u>7,974</u>	<u>49,798</u>

14 Debtors	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Amounts falling due within one year:				
Rental debtors	292,022	340,424	292,022	340,424
Less: provision for bad debts	(114,956)	(231,049)	(114,956)	(231,049)
	<u>177,066</u>	<u>109,375</u>	<u>177,066</u>	<u>109,375</u>
Trade debtors	238,332	366,891	3,616	
Inter-company debtors	-	-	53,068	29,793
Inter-company loan	-	-	-	45,000
Provision against intercompany loan	-	-	-	-
Other debtors	396,885	217,508	287,147	162,813
	<u>812,283</u>	<u>693,774</u>	<u>520,897</u>	<u>346,981</u>

Berwickshire Housing Association provides a loan facility available to BHA Software Support Limited. This facility comprises a revolving credit facility of £ 30,000. A provision has been made for this loan.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

Notes to the Group Financial Statements

15 Creditors due within one year	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Bank overdraft	8,204	166,161	8,204	162,980
Bank Loan	13,668	12,600	13,668	12,600
Taxation and social security	59,982	30,730	-	-
Intercompany creditors	-	-	7,375	6,496
Finance leases	12,794	12,208		
Past Service Pension Contribution	120,315	129,420	120,315	114,357
Trade creditors	(7,042)	2,926	-	-
Other creditors	1,136,855	1,074,536	1,136,855	1,074,536
Accruals and deferred income	653,233	609,915	102,646	116,447
Rent in advance	47,846	54,013	47,845	54,013
	<u>2,045,855</u>	<u>2,092,509</u>	<u>1,436,908</u>	<u>1,541,429</u>

16 Creditors due outwith one year	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Hire Purchase	55,762	69,912	554	831
Past Service pension Contribution	157,070	276,573	124,881	244,384
Housing Loans	18,660,095	18,677,400	18,660,095	18,677,400
	<u>18,872,927</u>	<u>19,023,885</u>	<u>18,785,530</u>	<u>18,922,615</u>

On 23 March 2004 the Association agreed a 30 year facility for £20,000,000 and an additional £1,000,000 on a revolving credit facility all at a margin of 0.35% over LIBOR. From 1 January 2008 the margin changed to 0.30% over LIBOR. At 31 March 2012, interest on the loan (including the margin) was charged as follows: £4,150,000 at 1.04%, £5,000,000 at 4.20%, £4,550,000 at 5.60%, £4,500,000 at 5.24%

The loan is secured by a fixed charge on a large part the Association's housing properties and some of its garages. The loan was repayable in full on a capital and interest basis after a deferred interest only period of 5 years. However, this interest only period was extended by another 5 years to 22nd March 2014. The loan is repayable by 22 March 2039.

On 3rd February 2011 the Association agreed a 25 year facility for £490,000 at a rate of 1.49% above 3 month LIBOR (currently 0.61188%). The loan is secured against the housing units built at Station Drive, Duns.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2012

	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Loans and Hire Purchase to be repaid in 2 to 5 years	1,244,789	837,238	1,189,582	788,406
Loans to be repaid in more than 5 years	17,471,068	17,910,074	17,471,067	17,889,825
	<u>18,715,857</u>	<u>18,747,312</u>	<u>18,660,649</u>	<u>18,678,231</u>

17 Share Capital	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
<u>Allotted, issued and fully paid</u>				
Shares of £1 each at 1 April	149	150	149	150
Shares of £1 issued in the year	14	8	14	8
Shares of £1 cancelled during the year	(10)	(9)	(10)	(9)
Shares in issue at 31 March	<u>153</u>	<u>149</u>	<u>153</u>	<u>149</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights or dividend 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.

18 Revenue Reserve	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011 Restated
	£	Restated £	£	£
Opening reserve at 1 April	4,603,361	5,212,161	4,460,080	5,034,147
Provision for BHA Software debt	30,000	(14,638)		
Surplus on ordinary activities after tax	710,847	336,554	614,257	296,649
Transfer to Designated Reserve (note 20)	-	(1,060,000)	-	(1,000,000)
Transfer from Revaluation Reserve (note 19)	32,244	129,284	32,244	129,284
Reserve at 31 March	<u>5,376,452</u>	<u>4,603,361</u>	<u>5,106,581</u>	<u>4,460,080</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Notes to the Group Financial Statements

19 Revaluation Reserve	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
		Restated		Restated
	£	£	£	£
Opening reserve at 1 April	24,811,256	21,263,350	24,811,256	21,263,350
Transfer to Revenue Reserve (note 18)	(32,244)	(129,284)	(32,244)	(129,284)
Surplus in year	2,230,376	3,677,190	2,230,376	3,677,190
Reserve at 31 March	<u>27,009,388</u>	<u>24,811,256</u>	<u>27,009,388</u>	<u>24,811,256</u>

20 Designated Reserve	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Opening reserve at 1 April	1,674,882	614,882	1,000,000	-
Transfer from Revenue Reserve (note 18)	-	1,060,000	-	1,000,000
Reserve at 31 March	<u>1,674,882</u>	<u>1,674,882</u>	<u>1,000,000</u>	<u>1,000,000</u>

21 Pension Commitments

Berwickshire Housing Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

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

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Notes to the Group Financial Statements

21 Pension Commitments (continued)

position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Employer Debt Regulations

1. The Employer Debt Regulations were introduced in September 2005 following a change in legislation. This legislation was revised in the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008 (SI 2008/731) ('the Regulations') which came into force on 6 April 2008.
2. An employer debt will arise if one of the following events occurs at a time when the Scheme is not fully funded on a buy-out basis:
 - a. The commencement of winding up of the Scheme.
 - b. An employer becomes insolvent.
 - c. An Employer Cessation Event.
3. An Employer Cessation Event occurs when an employer ceases to participate in the Scheme, i.e. it no longer has any active members in the Scheme at a point in time when there is at least one other employer that continues to employ active members in the Scheme.
4. The 2008 Regulations tighten the definition of an Employer Cessation Event. However, it remains the case that an employer will not be deemed to have withdrawn from the Scheme (and hence will not be liable for a debt on withdrawal) provided that it continues to employ at least one person who is an active member of the Scheme.
5. The Scheme Actuary has calculated the employer debt that would have been payable if your organisation had withdrawn from the Scottish Housing Associations' Pension Scheme as at 30 September 2011.
6. The suggested Pensions Disclosure Note includes conditional paragraphs. The appropriate choice of paragraph for each employer will depend on the accounting treatment adopted by the employer, in particular whether or not a provision is made for the employer debt.
7. Under FRS17 an employer should only provide in the balance sheet for the potential debt on withdrawal if it was demonstrably committed as at the balance sheet date to an event that would make the liability crystallise. For example, if an employer had made the decision prior to the balance sheet date to close the Scheme to future accrual at some date in the future, then this would crystallise an employer debt on the date that the Scheme was closed to future accrual (unless the Scheme was fully funded on a buy-out basis as at the date the Scheme closed to future accrual).

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Notes to the Group Financial Statements

21 Pension Commitments (continued)

Disclosure in Respect of Employer Debt

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 buy-out 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.

Berwickshire Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 6,280,054

Berwickshire Housing Association Limited has provided for the employer debt on the past service contribution shortfall for the Scottish Housing Associations' Pension Scheme so far as it is known i.e. payments due until the next actuarial valuation since we feel that this part of the debt is known. As there is uncertainty as regards the amount to be paid in the years beyond this period that portion is treated as a contingent liability.

Berwickshire Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in,

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21 Pension Commitments (continued)

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Berwickshire Housing Association Limited has elected to operate the

* career average revalued earnings with a 1/60th accrual rate

benefit option for active members as at 01 April 2012 although existing members may themselves continue to make up the contributions and remain members of the final salary with 1/60th accrual rate.

and the

* career average revalued earnings with a 1/60th accrual rate

benefit option for new entrants from 01 April 2008

During the accounting period Berwickshire Housing Association Limited paid contributions at the rate of 8.6 % of pensionable salaries. In addition the Association paid a further £ 114,357 for past service pension contributions. Member contributions were between 10.6% and 8.5% of pensionable salaries.

As at the balance sheet date there were 36 active members of the Scheme employed by Berwickshire Housing Association. 5 employed by Seton Care Limited.

The annual pensionable payroll in respect of these members was £ 1,164,295

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Notes to the Group Financial Statements

21 Pension Commitments (continued)

Berwickshire Housing Association continues to offer membership of the Scheme to its employees. The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (SIPA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (SIPA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions *	10.4

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Notes to the Group Financial Statements

21 Pension Commitments (continued)

(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

Pension Commitments Growth Plan

Berwickshire Housing Association Limited participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

Berwickshire Housing Association Limited paid contributions at the rate of 0% during the accounting period. Members paid contributions at the rate of 8% during the accounting period.

As at the balance sheet date there was one active members of the Plan employed by Berwickshire Housing Association Limited. Berwickshire Housing Association Limited continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes,

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Notes to the Group Financial Statements

21 Pension Commitments Growth Plan (continued).

and benefits are paid from the total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and will be formalised shortly. The valuation of the Scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% per annum
Investment return pre retirement	7.6
Investment return post retirement	
Actives/Deferreds	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

A copy of the recovery plan must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Pensions Regulator in due course.

The next full actuarial valuation will be carried out as at 30 September 2011.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Notes to the Group Financial Statements

21 Pension Commitments Growth Plan (continued).

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 Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. 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 Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating 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 Plan liabilities, Plan 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.

Berwickshire Housing Association Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 7,667.

22 Operating Leases

The Group has several non-cancellable operating leases. Annual commitments under this lease are as follows:

	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Amounts due to be paid in the next 12 months on leases expiring in				
1 year	1,809	9,214	1,809	8,217
1-2 years	1,440	2,604	1,440	1,809
2-5 years	4,596	1,440	4,596	1,440
More than five years.	10,096	8,992	10,096	7,300
	<u>17,941</u>	<u>22,250</u>	<u>17,941</u>	<u>18,766</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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23 Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with The Scottish Housing Regulator.

24 Gain on Sale of Fixed Assets

The Association sold 2 properties under the Right to Buy scheme during the year and in addition we sold one property in England, and two development sites(8 RTB, and a property in England in 2010/11).

	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Proceeds from sale of Housing Association Stock & other fixed assets	378,692	316,150	378,692	316,150
Less: Cost of Sales	(119,029)	(206,835)	(119,029)	(206,835)
	<u>259,663</u>	<u>109,315</u>	<u>259,663</u>	<u>109,315</u>

In line with generally accepted accounting practice and The Scottish Housing Regulator notes, the gain on sale from these transactions has been shown on the face of the Income and Expenditure account. The gain for the year ended 31 March 2012 is calculated using the revalued amount for housing properties.

BHA Group and Housing Association

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	Year to 31 March 2012	Year to 31 March 2011
	<u>No</u>	<u>No</u>
The number of units in management at 31 st March was as follows:		
General needs	1,652	1654
Managed on behalf of others:-	24	24
<i>Scottish Veterans Garden City Association</i>	8	8
<i>The Berwick Freemans Trust</i>	16	16
Supported Housing	90	90
Shared Ownership	3	3
	<u>1,769</u>	<u>1771</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
26 Scottish Secure Tenancy Rents				
Average Annual Scottish Secured Tenancies Rent for housing accommodation	3,418	3,188	3,418	3,188
Number of secure tenancies	1745	1714	1745	1714
Percentage increase in average rent from previous year	7.2%	3.55%	7.2%	3.55%

27 Related Parties

The following members of the Board of Trustees are tenants of the Association :- David Melrose, John Elliott and Robert Bolton (appointed 27 September 2011). Transactions with the Association are undertaken on standard terms, as applicable to all tenants.

BHA Enterprise Limited (formerly Berwickshire Limited)

The following members of the Board of Trustees of Berwickshire Housing Association are also Directors of BHA Enterprise Limited: - John Stanforth, John Elliott, Ian Lindley (appointed 25 May 2011) and David Melrose (appointed 27 September 2011).

Berwickshire Housing Association levied fees for the following amounts to BHA Enterprise Limited during the period 1 April 2011 to 31 March 2012.

£40,000 costs for personnel working on projects (2011: £17,618)

£13,356 staff costs for shared services (2011: £14,735)

£2,550 for a share of facilities management costs (2011: £2,550)

BHA Enterprise Limited levied fees of £145,008 to Seton Care during the year 1 April 2011 to 31 Mar 2012 for the rent of Seton Hall.

The balance outstanding from BHA Enterprise Limited as at 31 March 2012 to Berwickshire Housing Association was £41,762 (2011: £29,793.).

BHA Software Support Limited (formerly BHA Enterprises Limited)

The following members of the Board of Trustees of Berwickshire Housing Association are also Directors of BHA Software Support Limited:-

John Elliot.

Berwickshire Housing Association levied fees for the following amounts to BHA Software Support Limited during the period 1 April 2011 to 31 March 2012.

£2,544 staff costs for personnel working on projects (2011: £5,123)

£Nil for a share of facilities management costs (2011: £3,009)

£9,000 staff costs for shared services (2011: £21,463)

BHA Software Support Limited invoiced Berwickshire Housing Association £2,432 for software development and stationery (2011 £9,878)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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27 Related Parties (continued)

The balance outstanding from BHA Software Support Limited as at 31 March 2012 was £3,574 (2011: £34,987) plus a term loan of £45,000 (2011: £45,000).

These balances were written down at the year end to a total of £ 33,574 (2011: £45,000). A provision of £ 30,000 was made for this outstanding loan.

Seton Care (formerly Seton Care Limited)

During the year the following members of the Board of Trustees of Berwickshire Housing Association have also been Directors of Seton Care : - John Stanforth, David Melrose, Andrew Watson, Kate Stephenson and Trevor Jones (appointed 18 October 2011).

Janice Walker, a director of Seton Care is also a tenant of Berwickshire Housing Association Limited. Transactions with the Association are undertaken on standard terms, as applicable to all tenants.

Berwickshire Housing Association levied fees for the following amounts to Seton Care during the period 1 April 2011 to 31 March 2012.

£82,546 staff costs for shared services (2011 £82,148)

£11,332 for a share of facilities management costs (2011: £10,759)

£4,173 for rental of accommodation (2011: 15,736)

Seton Care invoiced Berwickshire Housing Association £144,882 (2011: £192,837) for managing the Supporting People contract on behalf of Berwickshire Housing Association Limited and £60 (2011: £275) for catering services. Staff personnel working on projects £36,010 (2011: £31,733) and ancillary workers costs of £21,102.(2011: £16,529).

Seton Care paid BHA Enterprise Limited £145,008 for the rent of Seton Hall and £8,400 to Berwickshire Housing Association for the rent of 53 Newton Street in Duns for Little Reivers Nursery during the year 1 April 2011 to 31 March 2012. The balance outstanding to Seton Care as at 31 March 2012 by Berwickshire Housing Association was £7,375 (2011: £6,496..

Berwickshire Community Renewables LLP

BHA Enterprise Limited has a 2/3 ownership of this entity which is controlled by Berwickshire Housing Association Limited (BHA) as BHA Enterprise Limited is a wholly owned subsidiary of BHA. There were transactions during the year although the entity did not trade in the year.

The balance outstanding from Berwickshire Community Renewables LLP to Berwickshire Housing Association as at 31 March 2012 was £7,732 (2011: £ Nil).

The balance outstanding from Berwickshire Community Renewables LLP to BHA Enterprise Limited as at 31 March 2012 was £25,736 (2011: £ Nil).

BHA Enterprise Limited contributed £100,000 as its membership contribution of this limited liability partnership.

Berwickshire Housing Association sold the land option and feasibility studies for the wind farm development at Hoprigshiels to Berwickshire Community Renewables LLP in March 2012 for an amount of £121,859 plus VAT.

28 Capital Commitments	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
	£	£	£	£
Expenditure authorised by the Board of Management / Board contracted less certified.	54,442	257,298	40,000	393,574
Expenditure authorised by the Board of Management not contracted	1,287,475	1,221,079	1,257,475	1,221,079

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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29 Deferred Taxation	BHA Group		Housing Association	
	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2012	Year to 31 March 2011
Deferred taxation	-	-	-	-

The Association is currently rolling over relief into replacement assets from gains made on sale of assets. No provision for deferred tax is considered necessary in the Association.

30 Contingent Liabilities

As disclosed in note 21 there are contingent liabilities in respect of past service pension contributions that are due on an annual basis. Provision was made for the first three years of this past service contribution on the basis that the liability was known until the next actuarial valuation. Beyond that period there is uncertainty as regards the amount of the liability which will be affected by the next actuarial valuation. An estimate of this liability is £ 1,136,016