



REPORT AND GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2013

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

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Berwickshire TD11 3AU*



BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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Board of Management, Executive Officers and Appointees

Board of Management as at 31 March 2013

Ian Lindley	Convener Elected 11/09/2012
John Stanforth	(Resigned 26/10/2012)
David Melrose	(Vice Convener Re-Elected 11/9/2012)
Andrew Watson	(Re-Elected 11/9/2012)
John Elliot	
Kate Stephenson	(Vice Convener) (Re-elected 11/9/2012) (Resigned 9/05/2013)

Andrew Brough	
James Fullerton	
Frances Renton	(Resigned 6/6/2012)
Trevor Jones	(Re-Elected 11/9/2012)
Robert Bolton	
Johanna Pawley	
Ian Jarvie	(Elected 11/9/2012)
Maria Peers	(Elected 22/1/2013)

Executive Officers

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

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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

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 2013.

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 recorded a surplus for the year to 31 March 2013 of £ 147,855 (before taxation) which compares to £ 749,830 in 2012. The main reasons for the reduction in surplus were an increase in depreciation (related to component accounting – see below), an increase in the proportion of maintenance expenditure charged to the Income and Expenditure and an increase in the management and administration charges. The Group continues to perform strongly at an operating level, as is evidenced by an increase in cash in the year of £ 625,133. The net assets

Review of the Business (continued)

position of the group increased by £3,464,753 to £ 37,465,744, and much of this increase can be attributed to a revaluation of our housing stock at existing use value – social housing. The group balance sheet is dominated by the housing property assets and creditors due after one year which is largely the drawn-down loan facility.

Group turnover increased by £251,216, to over £ 9 million, for the first time this year. Interest payable costs represents 7.9% of turnover and the effective interest rate was 4.1% , a historically low figure as a result of low interest rates and no new drawings on the existing loan facilities in the course of the year. The Association reduced its net debt position by £360,153 to £16,784,168 whilst the Group reduced its net debt by £625,132 to £15,632,250.

Other Activities (not Social Lettings) in the Group are at a similar level to last year with a small reduction in turnover of £74,436 to £2,584,560. The surplus on this for the year is £13,202 higher at £ 37,385. From a consolidated point of view Seton Care has increased its turnover by £ 78,842 but its costs have been contained with an increase of only £30,113 thus making a bigger operating surplus on consolidation. BHA Enterprise makes a loss on consolidation.

The group has over £3 million in cash and term deposits. In the course of the year it paid over £1 million to acquire and develop housing (largely investment in the existing housing stock including capitalised component costs) and received £167,838 from the sale of four houses to tenants exercising their Right to Buy.

The Association's Expenditure on Lettings Activities rose by 15.2% over last year and saw increases in all the cost headings apart from Bad Debts where last year's figure was particularly high due to a change in the policy. Service costs rose by over 35% whilst depreciation and Reactive Maintenance costs increased by over 20%. Management and Maintenance Administration Costs rose by 17.8% and include the expensing of legal cost associated with the new procurement method for housing developments, cost incurred in rebranding the BHA Group and improving communications across a number of communication channels and consultancy and IT costs.

Component Accounting

FRS 15 states that where the tangible fixed asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful economic life. This is our second year of preparing accounts on a component accounting basis. During the course of the 2012/13 year we did further work on component accounting populating the specialist software that we now use to monitor our components and their depreciation. This resulted in a restatement (prior year adjustment) of fixed assets for the year to 31 March 2012 and of the Revenue Reserve.

New developments

Despite the reduction in Government funding we are planning on building 54 new houses, 32 in Eyemouth and 22 in Duns. The developer that the Association is planning to sell its development sites to has been working hard to obtain the necessary planning permission to develop two different development sites; one of which is in Duns and the other in Eyemouth, where demand for housing is particularly strong. The Association is also working to complete a loan agreement for new additional loan facility.

Through BHA Enterprise Limited we also have a 66% interest in three turbine wind farm which will be constructed near Cockburnspath. The intention is that our share of profits will be used to invest in affordable housing in Berwickshire, enabling us to undertake new developments which would otherwise be unaffordable. The other third is owned by Community Energy Scotland

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Review of the Business (continued)

Trading Limited, a wholly owned subsidiary of Community Energy Scotland.

The future

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 continue to create new challenges for tenants and the Association. We are working very hard to minimise the impact of Welfare Reform changes on the Association and feel that we have yet to experience the full impact of these changes on our business.

Seton Care derives much of its turnover from local authorities whose budgets are being held down and we are aware that the way they choose to procure services will be important to Seton Care's financial stability.

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

Subsidiaries

Seton Care

Seton Care has had a successful trading year and increased its total revenues to over £ 2.5 million whilst at the same time almost holding its costs to last year's figure. It has had to work harder to maintain its income and to maintain quality services that are self-funding.

The directors are mindful that Seton Hall remains the most significant trading activity of this company. There are also significant challenges to delivering an acceptably high quality of care at home service at an affordable price in a rural setting. 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.

Seton Care has net assets of £652,099 as at 31 March 2013.

BHA Software Support Limited (formerly BHA Enterprises Limited)

BHA Software Support Limited has now been dissolved following a successful striking off application as the company is no longer trading.

BHA Enterprise Limited

BHA Enterprise Limited continued to receive rental income from Seton Care for the rental of Seton Hall. BHA Enterprise Limited incurred significant repair costs in the 2012/13 year on this rental property and also incurred administration expenses of £ 63,383 resulting in a small profit before taxation of £4,942 (2012 : £13,241). The projects that it is involved in tend to be long term with significant time lags between costs incurred and income starting to come in for those projects e.g. our wind-farm.

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.

This company has a net asset value of £370,182 as at 31 March 2013.

Review of the Business (continued)

Associates and Joint Ventures

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

Planning permission was achieved on 6th August 2012 and plans are being developed by the LLP to fund, 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 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. The Association is currently in the process of agreeing a new additional loan facility, which is a three year revolving credit facility of £7 million, with the Royal Bank of Scotland.

Reserves

Revenue Reserves - The Association and Group have strengthened their Revenue Reserves during the course of this year by careful management of the Group and also by some receipts from Right-To-Buy sales and the sale of a property in England. Following further work on the adoption of Component Accounting there was also a prior year adjustment to the Revenue Reserve.

Revenue of 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 and BHA Enterprise 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.

Review of the Business (continued)

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. We also continue to enjoy a good business relationship with Clydesdale Bank plc and more recently with the Royal Bank of Scotland.

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 2013 the Association had £2,800,000 in undrawn loan facilities which are all available immediately for drawing if required.

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”

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- 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 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.

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Auditors

Findlay and Company was appointed on a three year contract to audit the BHA Group up to the year ending 31 March 2014 and confirmation of this appointment for the 2013/14 year will be sought at the AGM.

By order of the Board



Colin D Howard

Secretary

Date 9th September 2013

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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 2010, and the Scottish Housing Regulator's Determination of Accounting Requirements 2012. 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 9th September 2013

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 2013. 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 9th September 2013

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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

We have audited the financial statements of Berwickshire Housing Group and Association Limited for the year ended 31 March 2013 which comprise Group and Association Income and Expenditure Account, the Group and Association Balance Sheet, the Group and Association Cash Flow Statement, the Group and Association 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 Group and Association's affairs as at 31 March 2013 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, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements 2012.

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 CA (Senior Statutory Auditor)

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

Date: 9 September 2013

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 CA (Senior Statutory Auditor)

For and on behalf of:

Findlay & Company

Chartered Accountants and

Statutory Auditors

11 Dudhope Terrace

Dundee

DD3 6TS

Date: 9 September 2013

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2013****Group Income and Expenditure Account**

	Notes	Year Ended 31 March 2013	Year Ended 31 March 2012
		£	£
Turnover	1	9,005,566	8,754,350
Less: operating costs	1	(8,233,359)	(7,544,854)
Operating Surplus	6	<u>772,207</u>	<u>1,209,496</u>
Gain on sale of fixed assets	24	56,716	259,663
Share of Profit / (Loss) from LLP Investment		(1,328)	-
Interest receivable	7	28,414	19,716
Interest payable and similar charges	8	(708,154)	(739,045)
Surplus on ordinary activities before tax		<u>147,855</u>	<u>749,830</u>
Tax on ordinary activities	9	(6,757)	(98,864)
Surplus for the year	18	<u><u>141,098</u></u>	<u><u>650,966</u></u>

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

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Group Statement of Total Recognised Surpluses and Deficits

	Notes	Year Ended 31 March 2013	Year Ended 31 March 2012
		£	<i>Restated</i> £
Surplus for the year		141,098	650,966
Unrealised surplus on revaluation of housing properties	19	3,303,713	2,230,376
Prior Year Adjustment		(840,356)	772,592
Total recognised surplus for the year		<u>2,604,455</u>	<u>3,653,934</u>
Total surplus recognised since last annual report		<u><u>2,604,455</u></u>	<u><u>3,653,934</u></u>

**Note of Historical Cost Surpluses and Deficits of the Group
for the Year Ended 31 March 2013**

	Year Ended 31 March 2013	Year Ended 31 March 2012
	£	<i>Restated</i> £
Surplus for the year before taxation	147,855	749,830
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	-
Realisation of property revaluation gains of previous years	75,200	32,244
Historical cost surplus on ordinary activities before taxation	<u>223,055</u>	<u>782,074</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2013****Association Income and Expenditure Account**

	Notes	Year Ended 31 March 2013	Year Ended 31 March 2012
		£	£
Turnover	1	6,795,202	6,618,615
<u>Less:</u> operating costs	1	(6,122,450)	(5,491,956)
Operating Surplus	1,6	<u>672,752</u>	<u>1,126,659</u>
Provision for past service pension contributions	21	-	-
Gain on sale of fixed assets	24	56,716	259,663
Interest receivable	7	19,569	11,980
Interest payable and similar charges	8	(708,154)	(739,045)
Surplus on ordinary activities before tax		<u>40,883</u>	<u>659,257</u>
Provision against intercompany debtor		-	(45,000)
Tax on ordinary activities	9	(5,438)	(59,881)
Surplus for the year	18	<u>35,445</u>	<u>554,376</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 2013****Association Statement of Total Recognised Surpluses and Deficits**

	Notes	Year Ended 31 March 2013	Year Ended 31 March 2012
		£	<i>Restated</i> £
Surplus for the year		35,445	554,376
Unrealised surplus on revaluation of housing properties	19	3,303,713	2,230,376
Prior Year Adjustment		(840,356)	772,592
Total recognised surplus for the year		<u>2,498,802</u>	<u>3,557,344</u>
Total surplus / (Deficit) recognised since last annual report		<u>2,498,802</u>	<u>3,557,344</u>

Note of Historical Cost Surpluses and Deficits

	Year Ended 31 March 2013	Year Ended 31 March 2012
	£	<i>Restated</i> £
Surplus/(Deficit) for the year before taxation	40,883	614,257
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	-
Realisation of property revaluation gains of previous years	75,200	32,244
Historical cost surplus on ordinary activities before taxation	<u>116,083</u>	<u>646,501</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Group Balance Sheet as at 31 March 2013

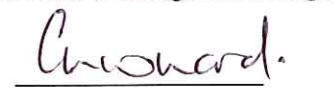
	Notes	2013 £	2012 <i>Restated</i> £
Intangible fixed assets	10	-	-
Tangible fixed assets			
Housing Properties: At Cost / Valuation less Depreciation	11	64,245,258	61,345,336
<u>Less:</u> HAG & other grants received	11	(10,381,069)	(10,381,069)
		<u>53,864,189</u>	<u>50,964,267</u>
Other	11	454,591	383,453
Investments	12	2	98,674
		<u>54,318,782</u>	<u>51,446,394</u>
Current assets			
Stock and Work in Progress	13	246,290	296,395
Debtors	14	534,284	812,283
Current Asset Investments		1,400,181	600,000
Cash at bank and in hand		1,625,202	1,824,585
		<u>3,805,957</u>	<u>3,533,263</u>
Creditors: amounts due within one year	15	(1,957,613)	(2,105,739)
Net Current Assets/(liabilities)		<u>1,848,344</u>	<u>1,427,524</u>
Total assets less current liabilities		56,167,126	52,873,918
Creditors: amounts due after one year	16	(18,684,009)	(18,872,927)
Provisions for liabilities		(17,373)	-
Net Assets		<u><u>37,465,744</u></u>	<u><u>34,000,991</u></u>
Capital and Reserves			
Share Capital	17	152	153
Minority Interests		48,070	-
Revenue Reserve	18	4,724,268	4,536,096
Designated Reserve	20	1,674,882	1,674,882
Revaluation Reserve	19	31,018,372	27,789,860
		<u>37,465,744</u>	<u>34,000,991</u>

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:


Ian Lindley
Convener



C Howard
(Secretary)


9th September 2013

David Melrose
Vice Convener



Date

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Association Balance Sheet as at 31 March 2013

	Notes	2013	2012
		£	£
			Restated
Intangible fixed assets	10	-	-
Tangible fixed assets			
Housing Properties: At Cost / Valuation less depreciation	11	64,245,258	61,345,336
<u>Less:</u> HAG & other grants received	11	(10,381,069)	(10,381,069)
Housing Properties		53,864,189	50,964,267
Other	11	220,027	308,328
Investments	12	2	2
		54,084,218	51,272,597
Current assets			
Stock	13	-	7,974
Debtors	14	503,098	520,897
Current Asset Investments		950,000	375,000
Cash at bank and in hand		922,701	1,162,092
		2,375,799	2,065,963
Creditors: amounts due within one year	15	(1,423,028)	(1,496,792)
Net Current Assets / (Liabilities)		952,771	569,171
Total assets less current liabilities		55,036,989	51,841,768
Creditors: amounts due after one year	16	(18,641,595)	(18,785,530)
Net Assets		36,395,394	33,056,238
Capital and Reserves			
Share Capital	17	152	153
Revenue Reserve	18	4,376,870	4,266,225
Designated Reserves	20	1,000,000	1,000,000
Revaluation Reserve	19	31,018,372	27,789,860
		36,395,394	33,056,238

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:

Ian Lindley
Convener



C Howard
(Secretary)



David Melrose
Vice Convener



Date

9th September 2013.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2013****Group Cash Flow Statement**

	Year to 31 March 2013	Year to 31 March 2012
Reconciliation of operating surplus to net cash inflow from operating activities	£	£
Operating Surplus	772,207	1,226,321
Depreciation & Amortisation	1,543,352	1,328,290
Past Service Pension Contribution	(135,240)	(129,420)
Release of Grant for Equipment	(10,178)	(13,308)
Increase in provision for investment	-	45,000
Increase in provision for liabilities and charges	17,373	
Share Capital	(1)	4
Decrease/(Increase) in stock and Work in Progress	50,105	63,937
Decrease/(Increase) in debtors	277,999	(118,507)
Increase in creditors	(147,598)	(9,013)
Net cash inflow from operating activities	2,368,019	2,393,304
 CASH FLOW STATEMENT		
Net cash inflow from operating activities	2,368,019	2,393,304
Returns on investment and servicing finance (note A)	(679,740)	(719,329)
Taxation /(paid)	(63,381)	(3,171)
Capital (Expenditure)/Income (note A)	(980,711)	(1,354,961)
	644,187	315,843
 Management of liquid resources :		
Cash withdrawal from excess right to buy account		
Financing (note A)	(1)	(273)
(Decrease)/Increase in cash in the year	644,186	315,570
 Reconciliation of net cash flow to movement in net debt (note B)		
(Decrease)/Increase in cash in the year	644,186	315,570
Loans drawn down / (repaid) in the year	(19,054)	-
Cash increase / (decrease) in liquid resources	-	4
Movement in Net Debt	625,132	315,574
Net Debt at 1 April 2012	(16,257,382)	(16,572,956)
Net Debt at 31 March 2013	(15,632,250)	(16,257,382)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Notes to the Group Cash Flow Statement

A. GROSS CASH FLOWS	Year to 31 March 2013 £	Year to 31 March 2012 £
Returns on investment and servicing finance		
Interest received	28,414	19,716
Interest paid	(708,154)	(739,045)
Net cash outflow	(679,740)	(719,329)
Capital Expenditure		
Payments to acquire and develop housing	(1,089,985)	(1,628,309)
Grants received	-	30,000
Payments to acquire other fixed assets	(58,564)	(136,179)
Receipt from sale of non-housing property	-	-
Receipts from sales of housing property	167,838	379,527
Net cash (outflow)/inflow	(980,711)	(1,354,961)
Financing		
Mortgage and other loans received / (repaid)	0	0
HP Repayment	0	(277)
Share capital issued	7	14
Share capital purchased	(8)	(10)
Net cash inflow/(outflow)	(1)	(273)

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

	01 April 2012 £	Cash Flows £	31 March 2013 £
Cash at bank	1,824,585	(200,147)	1,624,438
Current Account Investments	600,000	800,181	1,400,181
Overdraft	(8,204)	8,204	-
	2,416,381	608,238	3,024,619
Debt < 1 year	(13,668)	(2,160)	(15,828)
Debt > 1 year	(18,660,095)	19,054	(18,641,041)
TOTAL	(16,257,382)	625,132	(15,632,250)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Association Cash Flow Statement

	Year to 31 March 2013	Year to 31 March 2012
Reconciliation of operating surplus to net cash inflow from operating activities	£	£
Operating Surplus	672,752	1,126,659
Depreciation	1,518,453	1,239,667
Past Service Pension Contribution	(114,357)	(114,357)
Release of grant for equipment	(10,178)	(13,308)
Share Capital	(1)	4
Decrease / (Increase) in Investments	-	-
Decrease/(Increase) in Work in Progress / Stock	7,974	40,823
Decrease/(Increase) in debtors	17,800	(102,823)
Increase/(Decrease) in creditors	(2,006)	(70,062)
Net cash inflow from operating activities	2,090,437	2,106,603
CASH FLOW STATEMENT		
Net cash inflow from operating activities	2,090,437	2,106,603
Returns on investment and servicing finance (note A)	(688,585)	(727,065)
Taxation refund/(paid)	(63,381)	-
Capital Expenditure (note A)	(959,816)	(1,246,379)
	378,655	133,159
Financing (note A)	(1)	(273)
(Decrease)/Increase in cash in the year	378,654	132,886
Reconciliation of net cash flow to movement in net debt (note B)		
(Decrease) / Increase in cash in the year	378,654	132,886
Loans (Repaid) / Drawn down in the year	(18,500)	17,305
Cash increase/(decrease) in liquid resources	(1)	4
Movement in Net Debt	360,153	150,195
Net Debt at 1 April 2012	(17,144,875)	(17,295,070)
Net Debt at 31 March 2013	(16,784,722)	(17,144,875)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Notes to the Association Cash Flow Statement

A. GROSS CASH FLOWS	Year to 31 March 2013 £	Year to 31 March 2012 £	
Returns on investment and servicing finance			
Interest received	19,569	11,980	
Interest paid	(708,154)	(739,045)	
Net cash outflow	(688,585)	(727,065)	
Capital Expenditure			
Payments to acquire and develop housing	(1,089,985)	(1,627,827)	
Grants received	-	30,000	
Payments to acquire other fixed assets	(37,669)	(27,597)	
Receipts from sales of housing property	167,838	379,045	
Net cash (outflow)/ inflow	(959,816)	(1,246,379)	
Financing			
Mortgage and other loans received	0	0	
HP Repayment	0	(277)	
Share capital issued	7	14	
Share capital cancelled	(8)	(10)	
Net cash outflow	(1)	(273)	
 B. ANALYSIS OF CHANGE IN NET DEBT			
	1 April 2012 £	Cash Flows £	31 March 2013 £
Cash at bank	1,162,092	(239,391)	922,701
Current Asset Investments	375,000	575,000	950,000
Overdraft	(8,204)	8,204	-
	1,528,888	343,813	1,872,701
Debt < 1 year	(13,668)	(2,160)	(15,828)
Debt > 1 year	(18,660,095)	18,500	(18,641,595)
TOTAL	(17,144,875)	360,153	(16,784,722)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 2013 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 2013. 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 2013.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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
Chimney	50 years
Lifts	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 2013

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 2013

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 (two in 2011/12) Designated Reserves. The first is the Land Value Fluctuation Reserve in the amount of £ 500,000 (£ 500,000 in 2011/12) and the second is the Past Service Pension Cost Reserve in the amount of £ 500,000 (£ 500,000 in 2011/12). 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.

Prior Year adjustment

Further work on component accounting has resulted in restating the prior year figure which had the effect of an increase in the Revaluation Reserve and a decrease in the Revenue reserve of £ 780,472. Also related to the fixed assets and the work on component accounting was a prior year adjustment to remove both the cost and grant of £ 211,012 shown under land. The comparative figure for creditors has been amended to include the tax creditor of £ 59,884. These prior year adjustments are also reflected in the statement of total recognised surpluses and deficits and the historical cost surpluses and deficits. There is no difference on the depreciation charge between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount as depreciation is now charged on the historical cost basis for both. The prior year adjustment for 2012 comparative relates to component accounting.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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	6,421,006	5,686,184	734,822	1,185,313
Other Activities	2,584,560	2,547,175	37,385	24,183
Total	9,005,566	8,233,359	772,207	1,209,496
Total for previous period of account	8,754,350	7,544,854	1,209,496	

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 £	2013 Total £	2012 Total £
Income from Lettings						
Rent Receivable net of Identifiable Service Charges	5,788,226	268,962	3,359	224,081	6,284,628	5,964,960
Service Charges Receivable	36,607	153,852	-	-	190,459	193,333
Gross Income from Rents and Service Charges	5,824,833	422,814	3,359	224,081	6,475,087	6,158,293
Less: Rent Losses from Voids	(61,656)	(29,388)	(155)	(31,882)	(123,081)	(108,319)
Net Income for rents and service charges	5,763,177	393,426	3,204	192,199	6,352,006	6,049,974
Add: Revenue Grants from the Scottish Ministers	45,260	-	-	-	45,260	48,401
Add: Other Revenue Grants	23,740	-	-	-	23,740	32,979
Total Turnover from Social Lettings Activities	5,832,177	393,426	3,204	192,199	6,421,006	6,131,354
Expenditure on Letting Activities						
Management and Maintenance Admin Costs	2,074,614	173,889	-	198,731	2,447,234	2,085,617
Depreciation on Components	1,336,302	70,332	-	-	1,406,633	1,167,382
Service Costs	105,507	129,436	-	-	234,942	172,922
Planned and cyclical Maintenance including Major repairs	680,642	35,823	-	-	716,465	593,171
Reactive Maintenance	779,198	41,010	-	6,216	826,425	810,472
Rent Losses from Bad Debts	51,507	2,711	-	267	54,485	116,477
Total Expenditure on Lettings	5,027,770	453,201	-	205,214	5,686,184	4,946,041
Operating Surplus on Letting Activities	804,407	(59,773)	3,204	(13,016)	734,823	1,185,313
Operating Surplus or deficit for social letting for previous period of account	1,092,688	83,807	3,077	5,741	1,185,313	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ NIL (2012: £ NIL)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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	-	-	-	-	-	-	22,119	(22,119)	(23,421)
Care and Repair of property	-	-	-	-	-	-	-	-	-
Factoring - Agency services	-	-	26,735	26,735	26,735	-	30,687	(3,952)	(2,889)
Development and Construction of Property Activities	-	-	-	-	-	-	34,530	(34,530)	(40,846)
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	118,051	-	118,051	-	120,304	(2,253)	113
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	-	-	-	-	-	-	-	-	-
Other Activities	-	-	-	-	-	-	-	-	-
Commercial Rental Non-Housing Property	-	-	83,070	83,070	83,070	-	82,131	939	(6,026)
Group Business Development	-	-	-	-	-	-	-	-	-
Berwickshire Community Renewables LLP	-	-	-	-	-	-	3,863	(3,863)	(1,328)
BHA Computer Services – Computer Services	-	-	-	-	-	-	-	-	27,513
Seton Care – Residential Care & Homecare	-	-	2,349,004	2,349,004	2,349,004	-	2,152,969	196,035	147,306
BHA Enterprise Limited – Property Development & Project Management	-	-	7,700	7,700	7,700	-	100,572	(92,872)	(76,239)
Total from other activities for the previous period	55,267	-	144,995	2,422,734	2,622,996	-	2,598,813	24,183	24,183

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Notes to the Association Financial Statements

1. 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	6,421,007	5,698,240	722,767	1,183,555
Other Activities	3	374,195	424,210	(50,015)	(56,896)
Total		6,795,202	6,122,450	672,752	1,126,659
Total for previous period of account		6,618,615	5,491,956	1,126,659	

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 £	2013 Total £	2012 Total £
Income from Lettings						
Rent Receivable net of Identifiable Service Charges	5,788,226	268,961	3,359	224,081	6,284,627	5,964,960
Service Charges Receivable	36,607	153,854	0	0	190,461	193,334
Gross Income from Rents and Service Charges	5,824,833	422,815	3,359	224,081	6,475,088	6,158,294
Less: Rent Losses from Voids	(61,656)	(29,388)	(155)	(31,882)	(123,081)	(108,320)
Net Income for rents and service charges	5,763,177	393,427	3,204	192,199	6,352,007	6,049,974
Add: Revenue Grants from the Scottish Ministers	45,260	0	0	0	45,260	48,401
Add: Other Revenue Grants	23,740	0	0	0	23,740	32,979
Total Turnover from Social Lettings Activities	5,832,177	393,427	3,204	192,199	6,421,007	6,131,354
Expenditure on Letting Activities						
Management and Maintenance Admin Costs	2,086,670	173,889	0	198,731	2,459,290	2,087,375
Depreciation on components	1,336,302	70,332	0	0	1,406,634	1,167,382
Service Costs	105,507	129,435	0	0	234,942	172,922
Planned and cyclical Maintenance including Major repairs	680,642	35,823	0	0	716,465	593,171
Reactive Maintenance	779,198	41,010	0	6,216	826,424	810,472
Rent Losses from Bad Debts	51,507	2,711	0	267	54,485	116,477
Total Expenditure on Lettings	5,039,826	453,200	0	205,214	5,698,240	4,947,799
Operating Surplus on Letting Activities	792,351	(59,773)	3,204	(13,015)	722,767	1,183,555
Operating Surplus or deficit for social letting for previous period of account	1,090,929	83,807	3,077	5,742	1,183,555	

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 2013

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	0	0	0	0	0	0	22,119	(22,119)	(23,421)
Care and Repair of property	-	-	-	-	0	0	-	-	-
Factoring - Agency services	-	-	26,735	26,735	26,735	0	30,687	(3,952)	(2,889)
Development and Construction of Property Activities	-	-	-	0	0	0	34,530	(34,530)	(40,846)
Support Activities	0	0	0	0	0	0	0	0	-
Care Activities	-	-	118,051	118,051	118,051	0	120,304	(2,253)	113
Agency/management services for registered social landlords	-	-	-	-	0	0	-	0	-
Other agency/management services	-	-	-	-	0	0	0	0	-
Developments for sale to registered social landlords	-	-	-	-	0	0	0	0	-
Developments and Improvements for sale to non-registered social landlords	-	-	-	0	0	0	0	0	-
Other Activities	-	-	-	-	0	0	0	0	-
Commercial Rental Non-Housing Property	-	-	94,970	94,970	94,970	0	82,131	12,839	9,150
Business Support Services to Group Companies	-	-	134,439	134,439	134,439	0	134,439	0	997
Total from other activities for the previous period	0	0	118,051	256,144	374,195	0	424,210	(50,015)	(56,896)
	55,267	-	144,995	286,999	487,261	0	544,157	(56,896)	(56,896)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 2013 (2012 - £ 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 2013 £	Group Year to 31 March 2012 £	Housing Association Year to 31 March 2013 £	Housing Association Year to 31 March 2012 £
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	366,018	348,691	302,661	288,209
Pension Contributions	29,011	28,658	24,127	23,792
The Chief Executive and four (2012 four) 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)	88,625	87,099	88,625	87,099
Emoluments paid to Chief Executive	88,625	87,099	88,625	87,099
The emoluments of the officers (excluding pension contributions) were within the following ranges:				
60,001 to 70,000	3	3	2	2
70,001 to 80,000	1	1	1	1
80,001 to 90,000	1	1	1	1
	£	£	£	£
Total expenses reimbursed to Senior Officers in so far as not chargeable to United Kingdom income tax	9,791	11,403	6,949	8,642

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Notes to the Group Financial Statements

5. Employee Information	BHA Group Year to 31 March 2013 <u>No</u>	BHA Group Year to 31 March 2012 <u>No</u>	Housing Association Year to 31 March 2013 <u>No</u>	Housing Association Year to 31 March 2012 <u>No</u>
The average full time equivalent number of persons employed by the Association during the year was as follows :	132	112	49	46
average number of employees	176	144	53	51
<u>Staff Costs (including directors' emoluments)</u>		£		£
Wages and salaries	2,803,788	2,714,796	1,361,560	1,317,583
Social security costs	178,777	177,295	115,261	107,527
Pension costs	140,481	141,320	102,122	101,414
	<u>3,123,046</u>	<u>3,033,411</u>	<u>1,578,943</u>	<u>1,526,524</u>

	Group Year to 31 March 2013 £	Group Year to 31 March 2012 £	Housing Association Year to 31 March 2013 £	Housing Association Year to 31 March 2012 £
6. Operating Surplus				
Operating surplus is stated after charging:				
Depreciation of owned assets	150,667	148,400	136,148	134,348
Depreciation on components	1,382,305	1,167,382	1,382,305	1,167,382
Depreciation of assets held under finance lease and hire purchase contracts	10,380	6,254	-	-
Hire of office premises under operating leases	19,486	19,899	7,300	5,974
Finance charges payable – finance leases and hire purchase contracts	3,737	11,829	-	-
Repairs to property	2,537,607	2,975,187	2,537,607	2,975,187
Deduct: capitalised as improvements	(994,717)	(1,571,545)	(994,717)	(1,571,545)
Auditors' remuneration – External Audit service	28,739	23,340	19,182	13,800
- Non-audit service	480	960	480	960
Internal Audit services	22,548	15,441	22,714	15,441

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Notes to the Group Financial Statements

7. Interest Receivable	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
On Association Funds	28,414	19,716	19,569	11,980
Interest on Subsidiary Funds	-	-	-	-
Interest Charged to subsidiaries	-	-	-	-
	<u>28,414</u>	<u>19,716</u>	<u>19,569</u>	<u>11,980</u>

8. Interest Payable and Similar Charges	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Interest payable on building society and bank loans repayable in more than five years	708,154	739,045	708,154	739,045
Interest Payable to Subsidiaries	-	-	-	-
Interest payable on Association onward lending loans repayable	-	-	-	-
Other charges	-	-	-	-
Hire Purchase	-	-	-	-
	<u>708,154</u>	<u>739,045</u>	<u>708,154</u>	<u>739,045</u>

9. Tax on Surplus on Ordinary Activities	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Taxation on surplus for the year	(6,757)	(98,864)	(5,438)	(59,881)
	<u>(6,757)</u>	<u>(98,864)</u>	<u>(5,438)</u>	<u>(59,881)</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2013****Notes to the Group Financial Statements**

10. Intangible Fixed assets	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
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 2013

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	Leasehold Improvements	Equipment	Motor Vehicles	Wind Farm Under Construction	Total
	£	£	£	£	£	£	£	£	£	£
Cost or Revaluation										
At 31 March 2012	69,803,123	90,743	1,795,809	71,689,675	762,562	106,519	897,039	69,416	152,058	73,677,269
Additions in the year	-	94,922	-	94,922	-	-	42,185	16,379	11,385	164,871
Capitalised Improvements	994,717	-	-	994,717	-	-	-	-	-	994,717
Disposals in the year	(471,158)	-	-	(471,158)	-	-	(3,285)	-	-	(474,443)
Transfer	-	-	-	-	-	-	-	-	-	-
(Deficit) / Surplus on revaluation	3,303,712	-	-	3,303,712	-	-	-	-	-	3,303,712
At 31 March 2013	73,630,394	185,665	1,795,809	75,611,868	762,562	106,519	935,939	85,795	163,443	77,666,126
Grants Received										
At 31 March 2012	9,818,784	-	562,285	10,381,069	-	-	10,178	-	-	10,391,247
Received in the year	-	-	-	-	-	-	-	-	-	-
Transferred / Released in the year	-	-	-	-	-	-	(10,178)	-	-	(10,178)
At 31 March 2013	9,818,784	-	562,285	10,381,069	-	-	-	-	-	10,381,069
Depreciation										
At 31 March 2012	10,344,339	-	-	10,344,339	654,500	98,384	651,384	37,637	-	11,786,244
Charged for the year	1,382,305	-	-	1,382,305	50,156	3,817	92,711	14,363	-	1,543,352
Eliminated on Disposals	(360,034)	-	-	(360,034)	-	-	(3,285)	-	-	(363,319)
At 31 March 2013	11,366,610	-	-	11,366,610	704,656	102,201	740,810	52,000	-	12,966,277
Net Book Value										
At 31 March 2013	52,445,000	185,665	1,233,524	53,864,189	57,906	4,318	195,129	33,795	163,443	54,318,780
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

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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	Wind Farm under Construction	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation at 31 March 2013 is represented by:									
Gross cost	42,612,021	185,665	1,795,809	762,562	106,519	935,939	85,795	163,443	46,647,753
Less Depreciation on components	11,366,610			704,656	102,201	740,810	52,000	-	12,966,277
Less HAG and other grants and receipts	9,818,783		562,285						10,381,068
	21,426,628	185,665	1,233,524	57,906	4,318	195,129	33,795	163,443	23,300,408
Revaluation reserve	31,018,372								31,018,372
	52,445,000	185,665	1,233,524	57,906	4,318	195,129	33,795	163,443	54,318,780

The Association received no HAG in the year to 31 March 2013 (2012 :£ 10,000) and no grant from the Scottish Borders Council (2012 : £ 20,000). 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 (2012: £ nil)~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 (UK) Limited, part of the Savills Group. The valuation is external and in accordance with the definition of Existing Use Value for Social Housing (EUV-SH) as at 31 March 2013 and was prepared in accordance with the current RICS Red Book and takes into account in respect of social rented stock the Performance Standards issued originally by Communities Scotland, now the Scottish Housing Regulator. It should be noted that future growth in both capital and rental values may not occur and values can fall as well as rise. 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 2013

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 2012	69,803,123	90,743	1,795,809	71,689,675	762,562	62,544	777,015	38,719	73,330,515			
Additions in the year	-	94,922	-	94,922	-	-	21,290	16,379	132,591			
Capitalised Improvements	994,717	-	-	994,717	-	-	-	-	994,717			
Disposals in the year	(471,158)	-	-	(471,158)	-	-	-	-	(471,158)			
Transfer	-	-	-	-	-	-	-	-	-			
(Deficit) / Surplus on revaluation	3,303,712	-	-	3,303,712	-	-	-	-	3,303,712			
At 31 March 2013	73,630,394	185,665	1,795,809	75,611,868	762,562	62,544	798,305	55,098	77,290,377			
Grants Received												
At 31 March 2012	9,818,784	-	562,285	10,381,069	-	-	10,178	-	10,391,247			
Received in the year	-	-	-	-	-	-	(10,178)	-	(10,178)			
Transferred / Released in the year	-	-	-	-	-	-	-	-	-			
At 31 March 2013	9,818,784	-	562,285	10,381,069	-	-	-	-	10,381,069			
Depreciation												
At 31 March 2012	10,344,339	-	-	10,344,339	654,500	62,544	593,194	12,096	11,666,673			
Charged for the year	1,382,305	-	-	1,382,305	50,156	-	74,972	11,020	1,518,453			
Eliminated on Disposals	(360,034)	-	-	(360,034)	-	-	-	-	(360,034)			
At 31 March 2013	11,366,610	-	-	11,366,610	704,656	62,544	668,166	23,116	12,825,092			
Net Book Value												
At 31 March 2013	52,445,000	185,665	1,233,524	53,864,189	57,906	-	130,139	31,982	54,084,216			
At 31 March 2012	49,640,000	90,743	1,233,524	50,964,267	108,062	-	173,643	26,623	51,272,595			

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

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 2013 is represented by:								
Gross cost	42,612,021	185,665	1,795,809	762,562	62,544	798,305	55,098	46,272,004
Less Depreciation	11,366,610			704,656	62,544	668,166	23,116	12,825,092
Less HAG and other grants and receipts	9,818,784		562,285					10,381,069
	21,426,627	185,665	1,233,524	57,906	-	130,139	31,982	23,065,843
Revaluation reserve	31,018,373							31,018,373
	52,445,000	185,665	1,233,524	57,906	-	130,139	31,982	54,084,216

Assets held on Hire Purchase as at 31 March 2013

	BHA Group		Housing Association	
	2013	2012	2013	2012
Cost		£114,443	39,395	£39,395
Accumulated Depreciation		£ 63,077	39,395	£39,395
Charge for the year		£ 8,714	-	-

The Association received no HAG in the year to 31 March 2013 (£ 10,000) and no grant from the Scottish Borders Council (2012 : £ 20,000). 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 (2012: £ nil)-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 (UK) Limited, part of the Savills Group. The valuation is external and in accordance with the definition of Existing Use Value for Social Housing (EUUV-SH) as at 31 March 2013 and was prepared in accordance with the current RICS Red Book and takes into account in respect of social rented stock the Performance Standards issued originally by Communities Scotland, now the Scottish Housing Regulator. It should be noted that future growth in both capital and rental values may not occur and values can fall as well as rise. 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 2013

Notes to the Group Financial Statements

12 Investments	BHA Group		Housing Association	
	2013	2012	2013	2012
At Cost	£	£	£	£
Unlisted – shares in subsidiary companies	2	207,003	207,003	207,003
Provision against investment in <i>BHA Software Support Limited</i>		(207,001)	(207,001)	(207,001)
Other Investments – Joint Venture		98,672		-
Balance	2	98,674	2	2

The Association has ultimate control over the companies listed below.

BHA Software Support Limited (formerly BHA Enterprises Limited) was established to market IT software products and the Association owned 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. This company was dissolved on 14 June 2013.

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.

	2013	2012
	£	£
Aggregate capital and reserves		
BHA Software Support Ltd (<i>formerly BHA Enterprises Limited</i>)	nil	721
Profit / (Loss) for the year		
BHA Software Support Ltd (<i>formerly BHA Enterprises Limited</i>)	nil	18,401
Aggregate capital and reserves		
Seton Care	652,099	548,138
Profit for the year		
Seton Care	103,961	77,992
Aggregate capital and reserves		
BHA Enterprise Limited (<i>formerly Berwickshire Limited</i>)	370,182	367,222
Profit for the year		
BHA Enterprise Limited (<i>formerly Berwickshire Limited</i>)	2,960	1,482
Aggregate capital and reserves		
Berwickshire Community Renewables LLP	144,205	148,008
Profit / (Loss) for the year		
Berwickshire Community Renewables LLP	(3,803)	(1,992)

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 2013

Notes to the Group Financial Statements

13 Stock and Work in Progress	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Stock	246,290	296,395	-	7,974
	<u>246,290</u>	<u>296,395</u>	<u>-</u>	<u>7,974</u>

14 Debtors	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Amounts falling due within one year:				
Rental debtors	313,486	292,022	313,486	292,022
Less: provision for bad debts	(139,922)	(114,956)	(139,922)	(114,956)
	<u>173,564</u>	<u>177,066</u>	<u>173,564</u>	<u>177,066</u>
Trade debtors	122,066	238,332	11,028	3,616
Inter-company debtors	-	-	166,403	53,068
Inter-company loan	-	-	10,000	-
Provision against intercompany loan	-	-	-	-
Other debtors	238,654	396,885	142,103	287,147
	<u>534,284</u>	<u>812,283</u>	<u>503,098</u>	<u>520,897</u>

Berwickshire Housing Association provided a short term loan facility of £ 10,000 to Berwickshire Community Renewables LLP.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2013

Notes to the Group Financial Statements

15 Creditors due within one year	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	<i>Restated</i> £
Bank overdraft	-	8,204	-	8,204
Bank Loan	15,828	13,668	15,828	13,668
Taxation and social security	101,245	119,866	56,134	59,884
Intercompany creditors	-	-	-	7,375
Finance leases	12,794	12,794	-	-
Past Service Pension Contribution	126,205	120,315	126,205	120,315
Trade creditors	1,483	(7,042)	-	-
Other creditors	1,124,649	1,136,855	1,110,708	1,136,855
Accruals and deferred income	521,396	653,233	60,140	102,646
Rent in advance	54,013	47,846	54,013	47,845
	<u>1,957,613</u>	<u>2,105,739</u>	<u>1,423,028</u>	<u>1,496,792</u>

16 Creditors due outwith one year	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Hire Purchase	554	55,762	554	554
Past Service pension Contribution	-	157,070	-	124,881
Other Creditors	42,414	-	-	-
Housing Loans	18,641,041	18,660,095	18,641,041	18,660,095
	<u>18,684,009</u>	<u>18,872,927</u>	<u>18,641,595</u>	<u>18,785,530</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 2013, interest on the loan (including the margin) was charged as follows: £4,150,000 at 0.7925%, £5,000,000 at 4.20%, £4,550,000 at 5.60%, £4,500,000 at 4.4%

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 1 month LIBOR (currently 0.49375%). 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 2013

	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Loans and Hire Purchase to be repaid in 2 to 5 years	1,896,156	1,244,789	1,896,156	1,189,582
Loans to be repaid in more than 5 years	16,745,439	17,471,068	16,745,439	17,471,067
	<u>18,641,595</u>	<u>18,715,857</u>	<u>18,641,595</u>	<u>18,660,649</u>

17 Share Capital	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
<u>Allotted, issued and fully paid</u>				
Shares of £1 each at 1 April	153	149	153	149
Shares of £1 issued in the year	7	14	7	14
Shares of £1 cancelled during the year	(8)	(10)	(8)	(10)
Shares in issue at 31 March	<u>152</u>	<u>153</u>	<u>152</u>	<u>153</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 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	Restated £	£	Restated £
Opening reserve at 1 April	4,536,096	3,763,005	4,266,225	3,679,605
Provision for BHA Software debt	-	30,000	-	-
Write off subsidiary debt	(29,394)	-	-	-
Minority Interest	1,268	-	-	-
Surplus on ordinary activities after tax	141,098	710,847	35,445	554,376
Transfer to Designated Reserve (note 20)	-	-	-	-
Transfer from Revaluation Reserve (note 19)	75,200	32,244	75,200	32,244
Reserve at 31 March	<u>4,724,268</u>	<u>4,536,096</u>	<u>4,376,870</u>	<u>4,266,225</u>

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19 Revaluation Reserve	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
		Restated		Restated
	£	£	£	£
Opening reserve at 1 April	27,789,860	25,591,728	27,789,860	25,591,728
Transfer to Revenue Reserve (note 18)	(75,200)	(32,244)	(75,200)	(32,244)
Surplus in year	3,303,712	2,230,376	3,303,712	2,230,376
Reserve at 31 March	<u>31,018,372</u>	<u>27,789,860</u>	<u>31,018,372</u>	<u>27,789,860</u>

20 Designated Reserve	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Opening reserve at 1 April	1,674,882	1,674,882	1,000,000	1,000,000
Transfer from Revenue Reserve (note 18)	-	-	-	-
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

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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 an 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%.

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 2012. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 7,104,947

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 2013 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 £ 119,450 (2012 £ 114,357) for past service pension contributions. Seton Care paid £ 15,740 (2012 £ 15,069) 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 37 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 £ 1,258,461 (2012 £ 1,164,295)

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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 (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) 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

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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 three 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 0% during the accounting period.

As at the balance sheet date there was no 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, 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.

Notes to the Group Financial Statements

21 Pension Commitments Growth Plan (continued).

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. 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 £ 780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% per annum
Rate of return pre retirement	4.9
Rate of return post retirement	
Actives/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

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.

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

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.

The Pensions 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 Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

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 and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. 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 buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an

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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 liability attributable to employment with the leaving employer compared to the total amount of the Plan's 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.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

Owing to this situation, we have included 2 figures/calculations, namely:

- The cost of withdrawal if we include Series 3 liabilities in the calculation is £ 9,043
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation is £ 0

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.

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 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Amounts due to be paid in the next 12 months on leases expiring in				
1 year	7,386	1,809	7,386	1,809
1-2 years	6,630	1,440	6,630	1,440
2-5 years	11,697	4,596	11,697	4,596
More than five years.	-	10,096	-	10,096
	<u>25,713</u>	<u>17,941</u>	<u>25,713</u>	<u>17,941</u>

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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 4 properties under the Right to Buy scheme during the year (2 RTB, and a property in England and two development sites in 2011/12).

	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Proceeds from sale of Housing Association Stock & other fixed assets	173,700	378,692	173,700	378,692
Less: Cost of Sales	(116,984)	(119,029)	(116,984)	(119,029)
	<u>56,716</u>	<u>259,663</u>	<u>56,716</u>	<u>259,663</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 2013 is calculated using the revalued amount for housing properties.

BHA Group and Housing Association

25

	Year to 31 March 2013	Year to 31 March 2012
	No	No
The number of units in management at 31 st March was as follows:		
General needs	1650	1652
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	2	3
	<u>1766</u>	<u>1769</u>

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	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
26 Scottish Secure Tenancy Rents	£	£	£	£
Average Annual Scottish Secured Tenancies Rent for housing accommodation	3,479	3,418	3,479	3,418
Number of secure tenancies	1741	1745	1741	1745
Percentage increase in average rent from previous year	1.8%	7.2%	1.8%	7.2%

27 Related Parties

The following members of the Board of Trustees are tenants of the Association :- David Melrose, John Elliot and Robert Bolton. Transactions with the Association are undertaken on standard terms, as applicable to all tenants.

The following members of the Board of Trustees are councillors of Scottish Borders Council;- Councillor James Fullerton

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 Elliot, Ian Lindley, David Melrose and Maria Peers.

Berwickshire Housing Association levied fees for the following amounts to BHA Enterprise Limited during the period 1 April 2012 to 31 March 2013.

£27,500 costs for personnel working on projects (2012: £40,000)

£13,519 staff costs for shared services (2012: £13,356)

£2,550 for a share of facilities management costs (2012: £2,550)

BHA Enterprise Limited levied fees of £145,008 to Seton Care during the year 1 April 2012 to 31 March 2013 for the rent of Seton Hall. (£145,008 2012)

The balance outstanding from BHA Enterprise Limited as at 31 March 2012 to Berwickshire Housing Association was £153,814 (2012: £41,762).

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.

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27 Related Parties (continued)

Berwickshire Housing Association levied fees for the following amounts to BHA Software Support Limited during the period 1 April 2012 to 31 March 2013.

£ Nil staff costs for personnel working on projects (2012: £2,544)

£Nil for a share of facilities management costs (2012: £Nil)

£Nil staff costs for shared services (2012: £9,000)

BHA Software Support Limited invoiced Berwickshire Housing Association £Nil for software development and stationery (2012 £2,432)

The balance outstanding from BHA Software Support Limited as at 31 March 2013 was £Nil (2012: £3,574) plus a term loan of £Nil (2012: £45,000).

In 2012 the balances were written down at the year end to a total of £ 33,574 and 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 : - Andrew Watson, Kate Stephenson and Trevor Jones.

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 2012 to 31 March 2013.

£76,923 staff costs for shared services (2012 £82,546)

£13,948 for a share of facilities management costs (2012: £11,332)

£ 3,500 for rental of accommodation (2012: £4,173)

Seton Care invoiced Berwickshire Housing Association £118,051 (2012: £144,882) for managing the Supporting People contract on behalf of Berwickshire Housing Association Limited and £374 (2012: £60) for catering services. Staff personnel working on projects £ 10,751 (2012: £36,010) and ancillary workers costs of £17,259.(2012: £21,102).

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 2012 to 31 March 2013. The balance outstanding by Seton Care as at 31 March 2013 to Berwickshire Housing Association was £4,856 (2012: BHA was due £7,375 to Seton Care)

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 2013 was £7,732 (2012: £ 7,732).

The balance outstanding from Berwickshire Community Renewables LLP to BHA Enterprise Limited as at 31 March 2013 was £25,736 (2012: £ 25,736).

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

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27 Related Parties (continued)

Berwickshire Housing Association made a £ 10,000 unsecured working capital loan to Berwickshire Community Renewables LLP.

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 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
	£	£	£	£
Expenditure authorised by the Board of Management / Board contracted less certified.	96,147	54,442	96,147	40,000
Expenditure authorised by the Board of Management not contracted	3,824,713	1,287,475	3,566,713	1,257,475

The above capital commitments will be funded through the already agreed grant from the Scottish government, from the Group cash reserves, and from the existing revolving credit and long term loan facilities.

29 Deferred Taxation	BHA Group		Housing Association	
	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2013	Year to 31 March 2012
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. The net present value of the payments due from 1 April 2014 is £ 3,112,396 using a discount rate of 5%.

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 2012. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 7,104,947

As regards the growth plan, series 3, the cost of withdrawal if Series 3 liabilities are included in the calculation for past service deficits funding of the growth plan is £ 9,043. The cost of withdrawal if we exclude Series 3 liabilities from the calculation is £ 0