

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

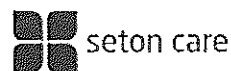
Annual Report and Group Financial Statements for the Year Ended 31 March 2014



REPORT AND GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2014

Registered under the Co-operative and Community
Benefit Societies Act 2014 No.2482R(S) Registered
with the Scottish Housing Regulator :No.HAL 289

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



BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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Board of Management, Executive Officers and Appointees

Board of Management as at 31 March 2014

Maria Peers	Convener (Re-Elected 10/09/2013)
Ian Lindley	Convener (Resigned 18/3/2014)
David Melrose	Vice Convener
Johanna Pawley	
Kate Stephenson	Vice Convener (Resigned 21/05/2013)
Andrew Watson	
John Elliot	
Andrew Brough	
James Fullerton	(Re-Elected 10/09/2013)
Trevor Jones	
Robert Bolton	
Ian Jarvie	
Anne McNeill	(Co-opted 22/10/2013)
Deborah Stokes	(Co-opted 22/10/2013)
Stephen Blakey	(Co-opted 22/10/2013)
Scott Holmes	(Co-opted 18/03/2014)

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

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 2014.

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 2014 of £ 114,179 (before taxation) (2013: £ 175,546) and achieved an increase in cash in the year of £ 245,819 (2013 increase of £ 606,842). The net assets position of the group increased by £ 3,018,058 to £ 40,860,990 (2013: £ 37,842,932). The group balance sheet is dominated by the housing property assets and creditors due after one year which is the drawn-down loan facility.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Review of the Business (continued)

We have seen a further increase in the Revaluation Reserve as the housing assets valued on an existing use – social housing basis continue to increase in value. Generally the quality of our housing is good and this has been confirmed in a recent stock condition survey. We capitalised £ 340,776 on component replacements in the 2014 year.

During the course of the 2013/14 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 of the component accumulated depreciation in fixed assets for the years to 31 March 2013 and the Revenue Reserve.

The Group has over £ 3.2 million in cash and term deposits. In the course of the year it paid £ 850,963 to acquire and develop housing (including capitalised component costs) and received £ 346,640 from Right to Buy sales and the sale of other housing assets.

Group turnover increased by £ 336,274 (2013: £ 251,216), to £ 9.3 million. Interest payable costs represent 7.7% (2013: 7.9%) of turnover, 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 £ 660,018 (2013:£ 360,153) to £ 16,124,704 whilst the Group reduced its net debt by £ 261,864 to £ 15,370,176.

Other Activities (not Social Lettings) in the Group are at a similar level to last year with a small increase in turnover of £ 193,003 (2013 reduction of £ 74,436) to £ 2,777,563. The surplus on this for the year is £ 7,080 higher at £ 44,465. From a consolidated point of view Seton Care has made a smaller surplus of £ 51,432 (2013 £ 196,035). BHA Enterprise makes a loss on consolidation of £8,370 (2013: loss of £92,872). The reduction in the loss is attributable to changes in the lease agreement.

The Association's Expenditure on Lettings Activities rose by 3.4 % (2013 :15.2%) over last year and only saw an increase in planned and cyclical maintenance (with spend to meet the Scottish Housing Quality Standard) and a small increase in reactive maintenance. The Association has contracted on a turnkey basis to purchase two developments from a developer who is currently on-site with both developments. The Association finalised its new loan facility with the Royal Bank of Scotland plc in December 2013.

BHA Enterprise Limited which is a wholly owned subsidiary of the Association has a 2/3 members contribution in a Limited Liability Partnership (Berwickshire Community Renewables LLP), the other member being Community Energy Scotland Trading Limited, which is itself a wholly owned subsidiary of Community Energy Scotland. This limited liability partnership has a long lease on a site with planning permission for three wind turbines and is working with SP Networks to confirm the grid connection options and costs. At the same time it is developing the funding and construction options for this project. Once operational it is anticipated that the BHA Group's share of profits can be used to invest in affordable housing in Berwickshire.

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. We are working hard to improve access for our tenants to financial inclusion services.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Review of the Business (continued)

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 Association lost two houses to Right to Buy this year (2013/14) and four in the 2012/13 year. A vacant property in England was also sold as part of our strategy to dispose of properties in England when they are vacant.

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

Subsidiaries

Seton Care

Seton Care traded successfully despite a challenging business environment and turnover dropped compared to the previous year, largely because of reduced activity in homecare. We expect this trend to continue in 2014/15.

The directors regularly review the operations and plans of those activities where it is difficult to maintain financial sustainability despite a demand for the service. They are also conscious that Seton Hall remains the most significant trading activity in Seton Care but that the life of the existing building is limited and a longer term solution is being explored.

Seton Care has net assets of £690,883 as at 31 March 2014 (2013: £ 652,099)

BHA Enterprise Limited

BHA Enterprise Limited continued to receive rental income from Seton Care for the rental of Seton Hall. The rental was reduced for the 2013/14 year in line with a new lease agreement. BHA Enterprise Limited incurred significantly lower repair costs in the 2013/14 year partly as a result of the new agreement. It made a small profit before taxation of £ 3,219 (2013: £ 4,942). 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.

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 company had a net asset value of £373,402 as at 31 March 2014 (2013: £ 370,182).

BHA Software Support Limited (formerly BHA Enterprises Limited)

BHA Software Support Limited was dissolved in June 2013.

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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 2013/14 year when a new £ 7 million loan facility from Royal Bank of Scotland plc was put in place to fund the private finance portion of the two new developments at Duns and Eyemouth as well as provide for a limited investment in the wind-farm development of Berwickshire Community Renewables LLP.

Reserves

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

The Association has decided to designate a part of its Revenue Reserve for past service pension deficit payments due under the current scheme in preparation for future accounting changes that will require this accounting treatment in future years.

Revenue Reserves provide resources 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 recognise the existing liability that arises from the need to pay past service pension deficit contributions for a number of years.

Review of the Business (continued)

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 and /or similar capital projects.

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 plc.

Treasury Management

The Association has an active treasury management function, operated in accordance with the Treasury Policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2014 the Association had £9,800,000 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 are to:

- establish 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;
- ensure 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;
- set 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;
- provide a framework for calculating rents for a full range of new build property types;

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- 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”;
- set service charges that 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 2015/16 during the course of the 2014/15 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 to deal with the gradual and predictable deterioration of building attributes. It is expected that the cost of all these repairs will 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 and the Association is confident it will meet the required standards.

Going Concern

After reviewing the Association’s budget for 2014/15 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 2014, 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 of Management continues to adopt the going concern basis in preparing the financial statements. In December 2013, a new loan facility of £ 7 million was agreed with Royal Bank of Scotland plc principally to fund new development.

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Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 auditor is 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.

Auditor

Findlay and Company was appointed as Group auditor on a three year contract to the year ending 31 March 2014 with the option to extend by a further two years. Confirmation of continuing appointment as auditor for 2014/15 year will be sought at the AGM.

By order of the Board of Management



Colin D Howard

Finance Director

Date 1 September 2014

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 Co-operative and Community Benefit Societies Act 2014, 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

Finance Director

Date ...1 September 2014

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 of Management 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 of Management 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 Group during the year ended 31 March 2014. 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 of Management



Colin D Howard

Finance Director

Date 1 September 2014

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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

We have audited the financial statements of Berwickshire Housing Association Limited for the year ended 31 March 2014 which comprise Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members 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 10, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements


In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, 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 Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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


Alexander Squires (Senior Statutory Auditor)

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

Date: 01 SEPTEMBER 2014

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Report of the Auditors to Berwickshire Housing Association Limited

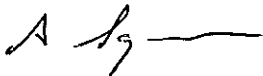
On Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the Board's statement on internal controls set out on page 11. 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 11, 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 11 appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".



Alexander Squires (Senior Statutory Auditor)

For and on behalf of:

Findlay & Company

Chartered Accountants and

Statutory Auditors

11 Dudhope Terrace

Dundee

DD3 6TS

Date: 01 SEPTEMBER 2014

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2014****Group Income and Expenditure Account**

	Notes	Year Ended 31 March 2014	Re-stated Year Ended 31 March 2013
		£	£
Turnover	1	9,341,840	9,005,566
<u>Less:</u> operating costs	1	8,585,477	8,205,668
Operating Surplus	6	<u>756,363</u>	<u>799,898</u>
Gain on sale of fixed assets	24	45,644	56,716
Share of Profit / (Loss) from LLP Investment		-	(1,328)
Interest receivable	7	29,048	28,414
Interest payable and similar charges	8	(716,876)	(708,154)
Surplus on ordinary activities before tax		<u>114,179</u>	<u>175,546</u>
Tax on ordinary activities	9	(1,341)	(6,757)
Surplus for the year	18	<u>112,838</u>	<u>168,789</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 2014****Group Statement of Total Recognised Surpluses and Deficits**

	Notes	Year Ended 31 March 2014	Year Ended 31 March 2013
		£	<i>Restated</i> £
Surplus for the year		112,838	168,789
Unrealised surplus on revaluation of housing properties	19	2,905,214	3,303,713
Prior Year Adjustment		377,188	(840,356)
Total recognised surplus for the year		3,395,240	2,632,146
Total surplus recognised since last annual report		3,395,240	2,632,146

**Note of Historical Cost Surpluses and Deficits of the Group
for the Year Ended 31 March 2014**

	Year Ended 31 March 2014	Year Ended 31 March 2013
	£	<i>Restated</i> £
Surplus for the year before taxation	114,179	175,546
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	43,903	75,200
Historical cost surplus on ordinary activities before taxation	158,082	250,746

BERWICKSHIRE HOUSING ASSOCIATION LIMITED**Annual Report and Group Financial Statements for the Year Ended 31 March 2014****Association Income and Expenditure Account**

	Notes	Year Ended 31 March 2014	Year Ended 31 March 2013 Re-stated
		£	£
Turnover	1	7,252,749	6,795,202
<u>Less:</u> operating costs	1	6,529,214	6,094,759
Operating Surplus	1,6	723,535	700,443
Gain on sale of fixed assets	24	45,644	56,716
Interest receivable	7	18,255	19,569
Interest payable and similar charges	8	(716,876)	(708,154)
Surplus on ordinary activities before tax		70,558	68,574
Tax on ordinary activities	9	(1,341)	(5,438)
Surplus for the year	18	69,217	63,136

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 2014

Association Statement of Total Recognised Surpluses and Deficits

	Notes	Year Ended 31 March 2014	Year Ended 31 March 2013
		£	<i>Restated</i> £
Surplus for the year		69,217	63,136
Unrealised surplus on revaluation of housing properties	19	2,905,214	3,303,713
Prior Year Adjustment		377,188	(840,356)
Total recognised surplus for the year		<u>3,351,619</u>	<u>2,526,493</u>
Total surplus / (Deficit) recognised since last annual report		<u>3,351,619</u>	<u>2,526,493</u>

Note of Historical Cost Surpluses and Deficits

	Year Ended 31 March 2014	Year Ended 31 March 2013
	£	<i>Restated</i> £
Surplus/(Deficit) for the year before taxation	70,558	68,574
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	43,903	75,200
Historical cost surplus on ordinary activities before taxation	<u>114,461</u>	<u>143,774</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Group Balance Sheet as at 31 March 2014

	Notes	2014 £	2013 <i>Restated</i> £
Intangible fixed assets	10		-
Tangible fixed assets			
Housing Properties:At Cost / Valuation less Depreciation	11	66,415,417	64,581,265
<u>Less:</u> HAG & other grants received	11	(10,385,808)	(10,381,069)
		<u>56,029,609</u>	<u>54,200,196</u>
Other	11	613,557	495,772
Investments	12	229,525	2
		<u>56,872,691</u>	<u>54,695,970</u>
Current assets			
Stock and Work in Progress	13	389,342	246,290
Debtors	14	585,362	534,284
Current Asset Investments		1,538,170	1,400,181
Cash at bank and in hand		1,733,032	1,625,202
		<u>4,245,906</u>	<u>3,805,957</u>
Creditors: amounts due within one year	15	(2,113,452)	(1,957,613)
Net Current Assets / (Liabilities)		<u>2,132,454</u>	<u>1,848,344</u>
Total assets less current liabilities		59,005,145	56,544,314
Creditors: amounts due after one year	16	(18,144,155)	(18,684,009)
Provisions for liabilities		-	(17,373)
Net Assets		<u><u>40,860,990</u></u>	<u><u>37,842,932</u></u>
Capital and Reserves			
Share Capital	17	159	152
Minority Interests		49,689	48,070
Revenue Reserve	18	2,161,798	5,101,456
Designated Reserve	20	4,769,661	1,674,882
Revaluation Reserve	19	33,879,683	31,018,372
		<u>40,860,990</u>	<u>37,842,932</u>

The financial statements on pages 14 to 56 were approved and authorised for issue by the Board of Management and signed on its behalf by:

Maria Peers
Convener

Maria Peers

C Howard
(Finance Director)

C Howard

David Melrose
Vice Convener

David Melrose

Date

1 September 2014

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Association Balance Sheet as at 31 March 2014

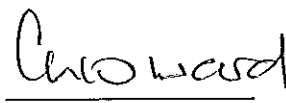
	Notes	2014 £	2013 £ Restated
Intangible fixed assets	10	-	-
Tangible fixed assets			
Housing Properties: At Cost / Valuation less depreciation	11	66,415,417	64,581,265
<u>Less:</u> HAG & other grants received	11	(10,385,808)	(10,381,069)
Housing Properties		56,029,609	54,200,196
Other	11	280,965	261,208
Investments	12	1	2
		<u>56,310,575</u>	<u>54,461,406</u>
Current assets			
Stock	13	352,799	-
Debtors	14	402,167	503,098
Current Asset Investments		1,363,190	950,000
Cash at bank and in hand		1,153,484	922,701
		<u>3,271,640</u>	<u>2,375,799</u>
Creditors: amounts due within one year	15	(1,720,640)	(1,423,028)
Net Current Assets / (Liabilities)		<u>1,551,000</u>	<u>952,771</u>
Total assets less current liabilities		<u>57,861,575</u>	<u>55,414,177</u>
Creditors: amounts due after one year	16	(18,114,555)	(18,641,595)
Net Assets		<u><u>39,747,020</u></u>	<u><u>36,772,582</u></u>
Capital and Reserves			
Share Capital	17	159	152
Revenue Reserve	18	1,773,261	4,754,058
Designated Reserves	20	4,093,917	1,000,000
Revaluation Reserve	19	33,879,683	31,018,372
		<u>39,747,020</u>	<u>36,772,582</u>

The financial statements on pages 14 to 56 were approved and authorised for issue by the Board of Management and signed on its behalf by:

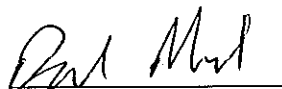
Maria Peers
Convener



C Howard
(Finance Director)



David Melrose
Vice Convener



Date

1 September 2014

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Group Cash Flow Statement

	Year to 31 March 2014	Restated Year to 31 March 2013
Reconciliation of operating surplus to net cash inflow from operating activities	£	£
Operating Surplus	756,363	799,898
Depreciation & Amortisation	1,334,428	1,515,661
Past Service Pension Contribution	(126,205)	(135,240)
Release of Grant for Equipment	0	(10,178)
Gain / Loss on land / property sales	(24,633)	0
Increase in provision for liabilities and charges	(17,373)	17,373
Decrease / (Increase) in investments	2	0
Share Capital	0	(1)
Decrease/(Increase) in stock and Work in Progress	(19,778)	50,105
Decrease/(Increase) in Debtors	11,022	277,999
Increase / (Decrease) in Creditors	(225,714)	(166,442)
Net cash inflow from operating activities	1,688,112	2,349,175
 CASH FLOW STATEMENT		
Net cash inflow from operating activities	1,688,112	2,349,175
Returns on investment and servicing finance (note A)	(687,828)	(679,740)
Taxation /(paid)	(1,341)	(63,381)
Capital (Expenditure)/Income (note A)	(737,086)	(980,711)
	261,857	625,343
Management of liquid resources :		
Cash withdrawal from excess right to buy account		
Financing (note A)	(16,038)	(18,501)
(Decrease)/Increase in cash in the year	245,819	606,842
Reconciliation of net cash flow to movement in net debt (note B)		
(Decrease)/Increase in cash in the year	245,819	606,842
Cash increase / (decrease) in liquid resources	16,045	18,500
Movement in Net Debt	261,864	625,342
Net Debt at 1 April 2013	(15,632,040)	(16,257,382)
Net Debt at 31 March 2014	(15,370,176)	(15,632,040)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Cash Flow Statement

A. GROSS CASH FLOWS

	Year to 31 March 2014 £	Year to 31 March 2013 £
Returns on investment and servicing finance		
Interest received	29,048	28,414
Interest paid	(716,876)	(708,154)
Net cash outflow	<u>(687,828)</u>	<u>(679,740)</u>
Capital Expenditure		
Payments to acquire and develop housing	(850,963)	(1,089,985)
Grants received	-	-
Payments to acquire other fixed assets	(204,748)	(58,564)
Receipt from sale of non-housing property	36,800	-
Receipts from sales of housing property	281,825	167,838
Net cash (outflow)/ inflow	<u>(737,086)</u>	<u>(980,711)</u>
Financing		
Mortgage and other loans received / (repaid)	-	-
Capital Repayment	(16,045)	(18,500)
Share capital issued	12	7
Share capital purchased	(5)	(8)
Net cash inflow/(outflow)	<u>(16,038)</u>	<u>(18,501)</u>

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

	01 April 2013 £	Cash Flows £	31 March 2014 £
Cash at bank	1,625,202	107,830	1,733,032
Current Account Investments	1,400,181	137,989	1,538,170
Overdraft	-	-	-
	<u>3,025,383</u>	<u>245,819</u>	<u>3,271,202</u>
Debt < 1 year	(15,828)	(510,995)	(526,823)
Debt > 1 year	(18,641,595)	527,040	(18,114,555)
TOTAL	<u>(15,632,040)</u>	<u>261,864</u>	<u>(15,370,176)</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Association Cash Flow Statement

	Year to 31 March 2014	Re-stated Year to 31 March 2013
Reconciliation of operating surplus to net cash inflow from operating activities	£	£
Operating Surplus	723,535	700,443
Depreciation	1,300,295	1,490,762
Past Service Pension Contribution	(126,205)	(114,357)
Release of grant for equipment	-	(10,178)
Gain/ Loss on land/property sales	(24,633)	-
Share Capital	0	(1)
Decrease / (Increase) in Investments	1	-
Decrease/(Increase) in Work in Progress	-	7,974
Decrease/(Increase) in debtors	163,031	17,800
Increase/(Decrease) in creditors	(71,126)	(20,506)
Net cash inflow from operating activities	1,964,898	2,071,937
CASH FLOW STATEMENT		
Net cash inflow from operating activities	1,964,898	2,071,937
Returns on investment and servicing finance (note A)	(698,621)	(688,585)
Taxation refund/(paid)	(1,341)	(63,381)
Capital Expenditure (note A)	(604,925)	(959,816)
	660,011	360,155
Financing (note A)	(16,038)	(18,501)
(Decrease)/Increase in cash in the year	643,973	341,654
Reconciliation of net cash flow to movement in net debt (note B)		
(Decrease) / Increase in cash in the year	643,973	341,654
Loans Repaid / (Drawn down) in the year	16,045	18,500
Cash increase/(decrease) in liquid resources	0	(1)
Movement in Net Debt	660,018	360,153
Net Debt at 1 April 2013	(16,784,722)	(17,144,875)
Net Debt at 31 March 2014	(16,124,704)	(16,784,722)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Association Cash Flow Statement

A. GROSS CASH FLOWS

	Year to 31 March 2014 £	Year to 31 March 2013 £
Returns on investment and servicing finance		
Interest received	18,255	19,569
Interest paid	(716,876)	(708,154)
Net cash outflow	<u>(698,621)</u>	<u>(688,585)</u>
Capital Expenditure		
Payments to acquire and develop housing	(850,963)	(1,089,985)
Grants received	-	-
Payments to acquire other fixed assets	(72,587)	(37,669)
Receipts from sales of housing property – net of selling costs	281,825	167,838
Receipts from sales of other assets	36,800	-
Net cash (outflow)/ inflow	<u>(604,925)</u>	<u>(959,816)</u>
Financing		
Mortgage and other loans received	(16,045)	(18,500)
HP Repayment	0	0
Share capital issued	12	7
Share capital cancelled	(5)	(8)
Net cash outflow	<u>(16,038)</u>	<u>(18,501)</u>

B. ANALYSIS OF CHANGE IN NET DEBT

	1 April 2013 £	Cash Flows £	31 March 2014 £
Cash at bank	922,701	230,783	1,153,484
Current Asset Investments	950,000	413,190	1,363,190
Overdraft	-	-	-
	<u>1,872,701</u>	<u>643,973</u>	<u>2,516,674</u>
Debt < 1 year	(15,828)	(510,995)	(526,823)
Debt > 1 year	(18,641,595)	527,040	(18,114,555)
TOTAL	<u>(16,784,722)</u>	<u>660,018</u>	<u>(16,124,704)</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 Determination of Accounting Requirements 2012 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 2014 using acquisition accounting. The subsidiaries are BHA Enterprise Limited (*formerly Berwickshire Limited*), and Seton Care both of whom traded for a full year. A former subsidiary BHA Software Limited (*formerly BHA Enterprises Limited*) was dissolved in the 2013/14 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 provision of care services.

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. 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 2014. 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 2014.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 2014

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	2-5 years
Other equipment	5-10 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.

No designated reserve for major repairs has been created since the Association's maintenance plans spread the expenditure over future years on a planned basis.

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 which 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 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

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Pension Contributions continued

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 designated reserve has been set aside for the costs that will be paid for past service pension deficit payments as per the most recent recovery plan and at least until the next actuarial valuation of the scheme, which is carried out on a tri-annual basis. The amount due for the past service contributions which was last estimated at the actuarial valuation is payable over thirteen and a half years and 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 2012/13) Designated Reserves. The first is the Land Value Fluctuation Reserve in the amount of £ 500,000 (£ 500,000 in 2012/13) and the second is the Past Service Pension Deficit Cost Reserve in the amount of £ 3,593,917 (£ 500,000 in 2012/13). 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 Revenue Reserve and a decrease in the Accumulated Depreciation of £ 377,188. The comparative figure for housing assets has been amended to increase by £ 336,007 and Other Fixed Assets have increased by £ 41,181. 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 2013 comparative relates to component accounting.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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	6,564,277	5,852,379	711,898	762,513
Other Activities	2,777,563	2,733,098	44,465	37,385
Total	9,341,840	8,585,477	756,363	799,898

Total for previous period of account

8,205,668

799,898

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 £	2014 Total £	Re-stated 2013 Total £
Income from Lettings						
Rent Receivable net of Identifiable Service Charges	5,836,717	359,703	3,331	232,103	6,431,854	6,284,628
Service Charges Receivable	38,547	138,916	0	0	177,463	190,459
Gross Income from Rents and Service Charges	5,875,264	498,619	3,331	232,103	6,609,317	6,475,087
Less: Rent Losses from Voids	(54,016)	(19,300)	(185)	(41,823)	(115,324)	(123,081)
Net Income for rents and service charges	5,821,248	479,319	3,146	190,280	6,493,993	6,352,006
Add: Revenue Grants from the Scottish Ministers	54,005	0	0	0	54,005	45,260
Add: Other Revenue Grants	16,279	0	0	0	16,279	23,740
Total Turnover from Social Lettings Activities	5,891,532	479,319	3,146	190,280	6,564,277	6,421,006
Expenditure on Letting Activities						
Management and Maintenance Admin Costs	2,032,809	169,269	0	193,451	2,395,529	2,447,234
Depreciation on Components	1,153,755	60,724	0	0	1,214,479	1,378,942
Service Costs	87,432	114,786	0	0	202,218	234,942
Planned and cyclical Maintenance including Major repairs	1,096,891	57,731	0	0	1,154,622	716,465
Reactive Maintenance	790,386	41,599	0	6,216	838,201	826,425
Rent Losses from Bad Debts	45,815	307	0	1,208	47,330	54,485
Total Expenditure on Lettings	5,207,088	444,416	0	200,875	5,852,379	5,658,493
Operating Surplus on Letting Activities	684,444	34,903	3,146	(10,595)	711,898	762,513
Operating Surplus or deficit for social letting for previous period of account	832,098	(89,773)	3,204	(13,016)	762,513	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ NIL (2013: £ NIL)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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	0	0	0	0	0	0	14,796	(14,796)	(22,119)
Care and Repair of property	0	0	0	0	0	0	0	0	0
Factoring - Agency services	0	0	0	12,542	12,542	0	5,802	6,740	(3,952)
Development and Construction of Property Activities	0	0	0	0	0	0	59,645	(59,645)	(34,530)
Support Activities	0	0	0	0	0	0	0	0	0
Care Activities	0	0	118,051	0	118,051	0	120,964	(2,913)	(2,253)
Agency/management services for registered social landlords	0	0	0	0	0	0	0	0	0
Other agency/management services	0	0	0	0	0	0	0	0	0
Developments for sale to registered social landlords	0	0	0	0	0	0	0	0	0
Developments and Improvements for sale to non-registered social landlords	0	0	0	0	0	0	0	0	0
Sale of land and houses (non Right to Buy)	0	0	0	275,100	275,100	0	253,542	21,558	0
Other Activities	0	0	0	45,624	45,624	0	0	45,624	0
Commercial Rental Non-Housing Property	0	0	0	84,465	84,465	0	82,871	1,594	939
Group Business Development	0	0	0	0	0	0	0	0	0
Berwickshire Community Renewables LLP	0	0	0	7,500	7,500	0	4,259	3,241	(3,863)
Seton Care – Residential Care & Homecare	0	0	0	2,225,289	2,225,289	0	2,173,857	51,432	196,035
BHA Enterprise Limited – Property Development & Project Management	0	0	0	8,992	8,992	0	17,362	(8,370)	(92,872)
	0	0	118,051	2,659,512	2,777,563	0	2,733,098	44,465	37,385
Total from other activities for the previous period	-	-	118,051	2,466,509	2,584,560	-	2,547,175	37,385	

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 £	Re-stated Operating Surplus or Deficit for previous period of Account £
Social Lettings	2	6,564,277	5,850,804	713,473	750,458
Other Activities	3	688,472	678,410	10,062	(50,015)
Total		7,252,749	6,529,214	723,535	700,443
Total for previous period of account		6,795,202	6,094,759	700,443	

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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 £	2014 Total £	Re-stated 2013 Total £
Income from Lettings						
Rent Receivable net of identifiable Service Charges	5,836,717	359,703	3,331	232,103	6,431,854	6,284,627
Service Charges Receivable	38,547	138,916	0	0	177,463	190,461
Gross Income from Rents and Service Charges	5,875,264	498,619	3,331	232,103	6,609,317	6,475,088
Less : Rent Losses from Voids	(54,016)	(19,300)	(185)	(41,823)	(115,324)	(123,081)
Net Income for rents and service charges	5,821,248	479,319	3,146	190,280	6,493,993	6,352,007
Add: Revenue Grants from the Scottish Ministers	54,005	0	0	0	54,005	45,260
Add: Other Revenue Grants	16,279	0	0	0	16,279	23,740
Total Turnover from Social Lettings Activities	5,891,532	479,319	3,146	190,280	6,564,277	6,421,007
Expenditure on Letting Activities						
Management and Maintenance Admin Costs	2,031,234	169,269	0	193,451	2,393,954	2,459,290
Depreciation on components	1,153,755	60,724	0	0	1,214,479	1,378,943
Service Costs	87,432	114,786	0	0	202,218	234,942
Planned and cyclical Maintenance including Major repairs	1,096,891	57,731	0	0	1,154,622	716,465
Reactive Maintenance	790,386	41,599	0	6,216	838,201	826,424
Rent Losses from Bad Debts	45,815	307	0	1,208	47,330	54,485
Total Expenditure on Lettings	5,205,513	444,416	0	200,875	5,850,804	5,670,549
Operating Surplus on Letting Activities	686,019	34,903	3,146	(10,595)	713,473	750,458
Operating Surplus or deficit for social letting for previous period of account	820,042	(59,773)	3,204	(13,015)	750,458	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £NIL (2013: £NIL)

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

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	14,796	(14,796)	(22,119)
	Care and Repair of property	0	0	0	0	0	0	0	0	0
	Factoring - Agency services	0	0	12,542	12,542	12,542	0	5,802	6,740	(3,952)
	Development and Construction of Property Activities	0	0	0	0	0	0	59,645	(59,645)	(34,530)
	Support Activities	0	0	0	0	0	0	0	0	0
	Care Activities	0	0	118,051	0	118,051	0	120,964	(2,913)	(2,253)
	Agency/management services for registered social landlords	0	0	0	0	0	0	0	0	0
	Other agency/management services	0	0	0	0	0	0	0	0	0
	Developments for sale to registered social landlords	0	0	0	0	0	0	0	0	0
	Developments and Improvements for sale to non-registered social landlords	0	0	0	0	0	0	0	0	0
	Sale of land and houses (non RTB)	0	0	275,100	275,100	275,100	0	253,542	21,558	0
	Other Activities	0	0	45,624	45,624	45,624	0	0	45,624	0
	Commercial Rental Non-Housing Property	0	0	96,365	96,365	96,365	0	82,871	13,494	12,839
	Business Support Services to Group Companies	0	0	140,790	140,790	140,790	0	140,790	0	0
		0	0	118,051	570,421	688,472	0	678,410	10,062	(50,015)
	Total from other activities for the previous period	0	0	118,051	256,144	374,195	0	424,210	(50,015)	

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

The Association is controlled by a voluntary Board of Management members of which received no remuneration during the year to 31 March 2014 (2013 - £ 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 2014 £	Group Year to 31 March 2013 £	Housing Association Year to 31 March 2014 £	Housing Association Year to 31 March 2013 £
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	429,907	366,018	376,304	302,661
Pension Contributions	34,573	29,011	30,291	24,127
The Chief Executive and four (2013 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)	93,371	88,625	93,371	88,625
Emoluments paid to Chief Executive	93,371	88,625	93,371	88,625
The emoluments of the officers (excluding pension contributions) were within the following ranges:				
60,001 to 70,000	4	3	3	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	12,487	9,791	9,902	6,949

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

5. Employee Information	BHA Group Year to 31 March 2014 No	BHA Group Year to 31 March 2013 No	Housing Association Year to 31 March 2014 No	Housing Association Year to 31 March 2013 No
The average full time equivalent number of persons employed by the Association during the year was as follows :	128	132	48	49
average number of employees	166	176	52	53
Staff Costs (including executive officers' emoluments)	£	£	£	£
Wages and salaries	2,829,465	2,803,788	1,402,246	1,361,560
Social security costs	181,521	178,777	118,392	115,261
Pension costs	132,921	140,481	96,959	102,122
	3,143,907	3,123,046	1,617,597	1,578,943

	Group Year to 31 March 2014 £	Re-stated Group Year to 31 March 2013 £	Housing Association Year to 31 March 2014 £	Re-stated Housing Association Year to 31 March 2013 £
6. Operating Surplus				
Operating surplus is stated after charging:				
Depreciation of owned assets	119,450	150,667	85,816	136,148
Depreciation on components	1,214,479	1,354,614	1,214,479	1,354,614
Depreciation of assets held under finance lease and hire purchase contracts	10,380	10,380	-	-
Hire of office premises under operating leases	-	19,486	-	7,300
Finance charges payable – finance leases and hire purchase contracts	-	3,737	-	-
Repairs to property	2,333,600	2,537,607	2,333,600	2,537,607
Deduct: capitalised as improvements	(340,776)	(994,717)	(340,776)	(994,717)
Auditors' remuneration – External Audit service	31,080	28,739	18,900	19,182
- Non-audit service	-	480	-	480
Internal Audit services	11,481	22,548	10,046	22,714

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

7. Interest Receivable	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
On Association Funds	29,048	28,414	18,255	19,569
Interest on Subsidiary Funds	-	-	-	-
Interest Charged to subsidiaries	-	-	-	-
	<u>29,048</u>	<u>28,414</u>	<u>18,255</u>	<u>19,569</u>

8. Interest Payable and Similar Charges	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Interest payable on building society and bank loans repayable in more than five years	716,876	708,154	716,876	708,154
Interest Payable to Subsidiaries	-	-	-	-
Interest payable on Association onward lending loans repayable	-	-	-	-
Other charges	-	-	-	-
Hire Purchase	-	-	-	-
	<u>716,876</u>	<u>708,154</u>	<u>716,876</u>	<u>708,154</u>

9. Tax on Surplus on Ordinary Activities	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Interest on taxation	(1,341)	-	(1,341)	-
Taxation on surplus for the year	-	(6,757)	-	(5,438)
	<u>(1,341)</u>	<u>(6,757)</u>	<u>(1,341)</u>	<u>(5,438)</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

10. Intangible Fixed assets	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Balance at 1 April	-	-	-	-
Additions in Year	-	-	-	-
Disposals in Year	-	-	-	-
Amortisation	-	-	-	-
Balance at 31 March 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Intellectual Assets are amortised over five years.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statement

11. Tangible Fixed Assets - Restated	Housing Properties held for letting	Housing Properties held for letting and Under Construction	Land	Total Housing	Re-stated Heritable Office Property	Leasehold Improvements	Equipment	Motor Vehicles	Wind Farm Under Construction	Total
	£	£	£	£	£	£	£	£	£	£
Cost or Revaluation										
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
Additions in the year	-	298,446	216,480	514,926	-	69,744	76,890	-	91,100	752,660
Capitalised Improvements	340,776	-	-	340,776	-	-	-	-	-	340,776
Disposals in the year	(298,768)	-	(236,526)	(535,294)	(100,780)	(91,246)	(467,852)	-	-	(1,195,172)
Transfer	200,181	(200,181)	(352,799)	(352,799)	-	-	-	-	-	(352,799)
(Deficit) / Surplus on revaluation	2,905,214	-	-	2,905,214	-	-	-	-	-	2,905,214
At 31 March 2014	76,777,797	283,930	1,422,964	78,484,691	661,782	85,017	544,977	85,795	254,543	80,116,805
Grants Received										
At 31 March 2013	9,818,784	-	562,285	10,381,069	-	-	-	-	-	10,381,069
Received in the year	4,739	-	-	4,739	-	-	-	-	-	4,739
Transferred / Released in the year	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	9,823,523	-	562,285	10,385,808	-	-	-	-	-	10,385,808
Depreciation										
At 31 March 2013	11,030,603	-	-	11,030,603	665,311	102,201	738,974	52,000	-	12,589,089
Charged for the year	1,160,410	-	-	1,160,410	26,428	11,170	69,020	12,832	-	1,279,860
Eliminated on Disposals	(121,739)	-	-	(121,739)	(100,780)	(90,747)	(467,852)	-	-	(781,118)
At 31 March 2014	12,069,274	-	-	12,069,274	590,959	22,624	340,142	64,832	-	13,087,831
Net Book Value										
At 31 March 2014	54,885,000	283,930	860,679	56,029,609	70,823	62,393	204,835	20,963	254,543	56,643,166
At 31 March 2013	52,781,007	185,665	1,233,524	54,200,196	97,251	4,318	196,965	33,795	163,443	54,695,968

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

11. Tangible Fixed Assets Restated (Continued)	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 2014 is represented by:									
Gross cost	42,898,114	283,930	1,422,964	661,782	85,017	544,977	85,795	254,543	46,237,122
Less Depreciation on components	12,069,274	-	-	590,959	22,624	340,142	64,832	-	13,087,831
Less HAG and other grants and receipts	9,823,523	-	562,285	-	-	-	-	-	10,385,808
	21,005,317	283,930	860,679	70,823	62,393	204,835	20,963	254,543	22,763,483
Revaluation reserve	33,879,683	-	-	-	-	-	-	-	33,879,683
	54,885,000	283,930	860,679	70,823	62,393	204,835	20,963	254,543	56,643,166

The Association received £ 4,759 HAG in the year to 31 March 2014 (2013: £ nil) and no grant from the Scottish Borders Council. The Association's 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 (2013: £ nil). None of the Association's land or properties is held under a lease except as mentioned in note 22. 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 2014 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 2014

Notes to the Association Financial Statements

11. Tangible Fixed Assets - Restated	Re-stated Housing Properties held for letting		Housing Properties held for letting and Under Construction		Land		Total Housing		Re-stated Heritable Office Property		Leasehold Improvements		Re-stated Equipment		Motor Vehicles		Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
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									
Additions in the year	-	298,446	216,480	514,926	-	69,744	35,829	-	620,499									
Capitalised Improvements	340,776	-	-	340,776	-	-	-	-	340,776									
Disposals in the year	(298,768)	-	(236,526)	(535,294)	(100,780)	(62,544)	(442,696)	-	(1,141,314)									
Transfer	200,181	(200,181)	(352,799)	(552,799)	-	-	-	-	(352,799)									
(Deficit) / Surplus on revaluation	2,905,214	-	-	2,905,214	-	-	-	-	2,905,214									
At 31 March 2014	76,777,797	283,930	1,422,964	78,484,691	661,782	69,744	391,438	55,098	79,662,753									
Grants Received																		
At 31 March 2013	9,818,784	-	562,285	10,381,069	-	-	-	-	-									10,381,069
Received in the year	4,739	-	-	4,739	-	-	-	-	-									4,739
Transferred / Released in the year	-	-	-	-	-	-	-	-	-									-
At 31 March 2014	9,823,523	-	562,285	10,385,808	-	-	-	-	-									10,385,808
Depreciation																		
At 31 March 2013	11,030,603	-	-	11,030,603	665,311	62,544	666,330	23,116	12,447,904									
Charged for the year	1,160,410	-	-	1,160,410	26,428	7,352	41,016	11,020	1,246,226									
Eliminated on Disposals	(121,739)	-	-	(121,739)	(100,780)	(62,544)	(442,696)	-	(727,759)									
At 31 March 2014	12,069,274	-	-	12,069,274	590,959	7,352	264,650	34,136	12,966,371									
Net Book Value																		
At 31 March 2014	54,885,000	283,930	860,679	56,029,609	70,823	62,392	126,788	20,962	56,310,574									
At 31 March 2013	52,781,007	185,665	1,233,524	54,200,196	97,251	-	131,975	31,982	54,461,404									

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Association Financial Statements

**11. Tangible Fixed Assets - Restated
(Continued)**

	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 2014 is represented by:								
Gross cost	42,898,114	283,930	1,422,964	661,782	69,744	391,438	55,098	45,783,070
Less Depreciation	12,069,274	-	-	590,959	7,352	264,650	34,136	12,966,371
Less HAG and other grants and receipts	9,823,523	-	562,285	-	-	-	-	10,385,808
	21,005,317	283,930	860,679	70,823	62,392	126,788	20,962	22,430,891
Revaluation reserve	33,879,683	-	-	-	-	-	-	33,879,683
	54,885,000	283,930	860,679	70,823	62,392	126,788	20,962	56,310,574

	BHA Group		Housing Association	
	2014	2013	2014	2013
Assets held on Hire Purchase as at 31 March 2013				
Cost	-	£39,395	-	£39,395
Accumulated Depreciation	-	£39,395	-	£39,395
Charge for the year	-	-	-	-

The Association received £ 4,739 HAG in the year to 31 March 2014 (2013: £ nil) and no grant from the Scottish Borders Council. The Association's 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 (2013: £ nil). None of the Association's land or properties is held under a lease except as mentioned in note 22. 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 2014 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 2014

Notes to the Group Financial Statements

12	Investments	BHA Group		Housing Association	
		2014	2013	2014	2013
	At Cost	£	£	£	£
	Unlisted – shares in subsidiary companies	-	2	1	207,003
	Provision against investment in <i>BHA Software Support Limited</i>	-	-	-	(207,001)
	Investment Property	229,525	-	-	-
	Balance	<u>229,525</u>	<u>2</u>	<u>1</u>	<u>2</u>

The Association has ultimate control over the companies listed below.

The Association held 100% of the issued share capital of BHA Software Support Limited (formerly BHA Enterprises Limited) but this company was dissolved on 14 June 2013. This company was non-trading during the financial year and hence is not included in the Group accounts.

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.

	2014	2013
	£	£
Aggregate capital and reserves		
BHA Software Support Ltd (<i>formerly BHA Enterprises Limited</i>)	Nil	Nil
Profit / (Loss) for the year		
BHA Software Support Ltd (<i>formerly BHA Enterprises Limited</i>)	Nil	Nil
Aggregate capital and reserves		
Seton Care	690,883	652,099
Profit for the year		
Seton Care	38,784	103,961
Aggregate capital and reserves		
BHA Enterprise Limited (<i>formerly Berwickshire Limited</i>)	373,402	370,182
Profit for the year		
BHA Enterprise Limited (<i>formerly Berwickshire Limited</i>)	3,219	2,960
Aggregate capital and reserves		
Berwickshire Community Renewables LLP	149,064	144,205
Profit / (Loss) for the year		
Berwickshire Community Renewables LLP	4,861	(3,803)

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 2014

Notes to the Group Financial Statements

13 Stock and Work in Progress	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Stock	389,342	246,290	352,799	-
	<u>389,342</u>	<u>246,290</u>	<u>352,799</u>	<u>-</u>

14 Debtors	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Amounts falling due within one year:				
Rental debtors	316,027	313,486	316,027	313,486
Less: provision for bad debts	(142,397)	(139,922)	(142,397)	(139,922)
	<u>173,630</u>	<u>173,564</u>	<u>173,630</u>	<u>173,564</u>
Trade debtors	141,110	122,066	34,779	11,028
Inter-company debtors	-	-	-	166,403
Inter-company loan	-	-	-	10,000
Provision against intercompany loan	-	-	-	-
Other debtors	270,622	238,654	193,758	142,103
	<u>585,362</u>	<u>534,284</u>	<u>402,167</u>	<u>503,098</u>

Berwickshire Housing Association provided a short term loan facility of £ 10,000 to Berwickshire Community Renewables LLP in the year to 31 March 2013. This has now been repaid.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

15 Creditors due within one year	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Bank overdraft	-	-	-	-
Bank Loan	526,823	15,828	526,823	15,828
Taxation and social security	99,346	101,245	67,452	56,134
Intercompany creditors	-	-	33,092	-
Finance leases	12,804	12,794	-	-
Past Service Pension Contribution	-	126,205	-	126,205
Trade creditors	95,823	1,483	80,845	-
Other creditors	865,971	1,124,649	836,156	1,110,708
Accruals and deferred income	453,689	521,396	117,276	60,140
Rent in advance	58,996	54,013	58,996	54,013
	<u>2,113,452</u>	<u>1,957,613</u>	<u>1,720,640</u>	<u>1,423,028</u>

16 Creditors due out with one year	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Hire Purchase	-	554	-	554
Past Service pension Contribution	-	-	-	-
Other Creditors	--	42,414	--	-
Housing Loans	18,114,555	18,641,041	18,114,555	18,641,041
	<u>18,114,555</u>	<u>18,684,009</u>	<u>18,114,555</u>	<u>18,641,595</u>

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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 2014, interest on the loan (including the margin) was charged as follows: £4,150,000 at 0.784%, £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 0.59788%). The loan is secured against the housing units built at Station Drive, Duns.

In December 2013, the Association signed a three year revolving credit facility with RBS for £ 7 million. This facility is secured by a fixed charge on Association housing properties. There is a non-utilisation fee payable at a rate of 0.80% per annum.

	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Loans and Hire Purchase to be repaid in 2 to 5 years	2,044,339	1,896,156	2,044,339	1,896,156
Loans to be repaid in more than 5 years	16,069,816	16,745,439	16,070,216	16,745,439
	<u>18,114,155</u>	<u>18,641,595</u>	<u>18,114,555</u>	<u>18,641,595</u>

17 Share Capital	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
<u>Allotted, issued and fully paid</u>				
Shares of £1 each at 1 April	152	153	152	153
Shares of £1 issued in the year	12	7	12	7
Shares of £1 cancelled during the year	(5)	(8)	(5)	(8)
Shares in issue at 31 March	<u>159</u>	<u>152</u>	<u>159</u>	<u>152</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.

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18 Revenue Reserve	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013 Restated	Year to 31 March 2014	Year to 31 March 2013 Restated
	£	£	£	£
Opening reserve at 1 April (Re-stated)	5,101,456	4,885,593	4,754,058	4,615,722
Write off subsidiary debt	-	(29,394)	-	-
Minority Interest	(1,620)	1,268	-	-
Surplus on ordinary activities after tax	112,838	168,789	69,217	63,136
Transfer to Designated Reserve (note 20)	(3,094,779)	-	(3,093,917)	-
Transfer from Revaluation Reserve (note 19)	43,903	75,200	43,903	75,200
Reserve at 31 March	<u>2,161,798</u>	<u>5,101,456</u>	<u>1,773,261</u>	<u>4,754,058</u>

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Notes to the Group Financial Statements

19 Revaluation Reserve	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Opening reserve at 1 April	31,018,372	27,789,860	31,018,372	27,789,860
Transfer to Revenue Reserve (note 18)	(43,903)	(75,200)	(43,903)	(75,200)
Surplus in year	2,905,214	3,303,712	2,905,214	3,303,712
Reserve at 31 March	<u>33,879,683</u>	<u>31,018,372</u>	<u>33,879,683</u>	<u>31,018,372</u>

20 Designated Reserve	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Opening reserve at 1 April	1,674,882	1,674,882	1,000,000	1,000,000
Transfer from Revenue Reserve (note 18)	3,094,779	-	3,093,917	-
Reserve at 31 March	<u>4,769,661</u>	<u>1,674,882</u>	<u>4,093,917</u>	<u>1,000,000</u>

21 Pension Commitments

Berwickshire Housing Association Limited 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 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

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Notes to the Group Financial Statements

21 Pension Commitments (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 2013. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 6,580,384. A small number of what were previously Berwickshire Housing Association staff members are now employed by Seton Care and Seton Care has noted an employer debt of £ 765,967 in its pension note to their accounts, which is also included in the Berwickshire Housing Association figure above.

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 six 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.
- Defined Contribution (DC) option.

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An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Berwickshire Housing Association Limited has elected to operate the DC option benefit option for active members as at 01/04/2014 and the DC option benefit option for new entrants from 01/04/2014

During the accounting period Berwickshire Housing Association Limited paid contributions at the rate of 8.6% of pensionable salaries. Member contributions varied between 8.5% and 10.6 %

As at the balance sheet date there were 35 active members of the Scheme employed by Berwickshire Housing Association The annual pensionable payroll in respect of these members was £ 1,136,866

Berwickshire Housing Association has closed the Scheme to future accrual from 01/04/2014.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement - Non-pensioners	3.4
Investment return post retirement - Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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Contribution Rates for Future Service (payable from 1 April 2014)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increasing by 3% per annum each 1 April thereafter. A Designated Reserve has been created in respect of these payments. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

Growth Plan

1. 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 Plan is a multi-employer pension plan.
2. Contributions paid into the 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 Plan or by the purchase of an annuity.
3. The rules of the 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.
4. The Trustee commissions an actuarial valuation of the 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.
5. 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.
6. 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.
7. 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.
8. Berwickshire Housing Association Limited paid contributions at the rate of nil % during the accounting period. Members paid contributions at a set amount of £ 885 during the accounting period.

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9. As at the balance sheet date there were 1 active members of the Plan employed by Berwickshire Housing Association Limited. Berwickshire Housing Association Limited has closed the Plan to new entrants.
10. 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. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan'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%.
12. The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/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

13. 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.
14. The Scheme Actuary has prepared a funding position update as at 30 September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.
15. 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.
16. 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.
17. 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

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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.

18. 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 allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.
19. 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. Therefore, the amounts of debt can be volatile over time.
20. 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). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.
21. The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.
22. Berwickshire Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 8,201. No provision has been made for this liability

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 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Amounts due to be paid in the next 12 months on leases expiring in				
1 year	2,794	7,386	2,794	7,386
1-2 years	1,569	6,630	1,569	6,630
2-5 years	16,241	11,697	11,241	11,697
More than five years.		-		-
	<u>20,604</u>	<u>25,713</u>	<u>15,604</u>	<u>25,713</u>

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

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23 Legislative Provisions

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

24 Gain on Sale of Fixed Assets

The Association sold 2 properties under the Right to Buy scheme during the year and in addition we sold one property in England, and two development sites (4 Right to Buy properties 2012/13).

	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Proceeds from sale of Housing Association Stock & other fixed assets	108,341	173,700	108,341	173,700
Less: Cost of Sales	(62,697)	(116,984)	(62,697)	(116,984)
	<u>45,644</u>	<u>56,716</u>	<u>45,644</u>	<u>56,716</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 2014 is calculated using the revalued amount for housing properties.

BHA Group and Housing Association

25

	Year to 31 March 2014	Year to 31 March 2013
	<u>No</u>	<u>No</u>
The number of units in management at 31 st March was as follows:		
General needs	1646	1650
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	2
	<u>1762</u>	<u>1766</u>

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	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
26 Scottish Secure Tenancy Rents	£	£	£	£
Average Annual Scottish Secured Tenancies Rent for housing accommodation	3,558	3,479	3,558	3,479
Number of secure tenancies	1738	1741	1738	1741
Percentage increase in average rent from previous year	2.3%	1.8%	2.3%	1.8%

27 Related Parties

The following members of the Board of Management 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)

During the year the following members of the Board of Trustees of Berwickshire Housing Association have also been 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 2013 to 31 March 2014.

£28,875 costs for personnel working on projects (2013: £27,500)

£14,194 staff costs for shared services (2013: £13,519)

£2,620 for a share of facilities management costs (2013: £2,550)

BHA Enterprise Limited levied fees of £58,003 to Seton Care during the year 1 April 2013 to 31 Mar 2014 for the rent of Seton Hall. (£145,008 2013)

The balance outstanding to BHA Enterprise Limited as at 31 March 2014 from Berwickshire Housing Association was £ 25,285 (2013: BHA Enterprise was due to pay £153,814 to BHA).

BHA Enterprise received a loan of £ 300,000 from Seton Care. Interest is payable at 3% per annum and the loan period is twenty four months although Seton Care is entitled to receive early repayment of the loan with six months' notice. The balance outstanding to Seton Care at year end (including the loan) was £ 305,079 (2013 £ nil)

BHA Enterprise made a loan of £ 250,000 to Berwickshire Community Renewables LLP, the loan period is twenty four months and interest is payable at 10% per annum and is paid when the loan is repaid at the end of the term. The balance outstanding to BHA Enterprise from Berwickshire Community Renewables LLP as at 31 March 2014 (including the loan) was £ 276,079 (2013: £ 25,736).

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

Annual Report and Group Financial Statements for the Year Ended 31 March 2014

Notes to the Group Financial Statements

27 Related Parties (continued)

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 2013 to 31 March 2014.

£80,769 staff costs for shared services (2013 £76,923)

£14,332 for a share of facilities management costs (2013: £13,948)

£ 3,500 for rental of accommodation (2013: £3,500)

Seton Care invoiced Berwickshire Housing Association £118,051 (2013: £118,051) for managing the Supporting People contract on behalf of Berwickshire Housing Association Limited and £ 679 (2013: £374) for catering services. Staff personnel working on projects £ nil (2013: £10,751) and ancillary workers costs of £18,865 (2013: £17,259).

Seton Care received £ 7,110 from Berwickshire Housing Association towards the ongoing costs at Linked Court.

Seton Care paid BHA Enterprise Limited £58,003 (2013: £ 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 (2013: £ 8,400) during the year 1 April 2013 to 31 March 2014. The balance outstanding to Seton Care as at 31 March 2014 by Berwickshire Housing Association was £7,807 (2013: BHA was due £4,856 from Seton Care.)

Seton Care made a loan of £ 300,000 to BHA Enterprise for a twenty four month period. Interest is payable at 3% per annum. The balance outstanding to Seton Care from BHA Enterprise as at 31 March 2014 was £ 305,079 (including a loan of £ 300,000). (2013 £ nil)

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 2014 was £ nil (2013: £ 7,732).

The balance outstanding from Berwickshire Community Renewables LLP to BHA Enterprise Limited as at 31 March 2014 was £276,079 (2013: £ 25,736) including a loan of £ 250,000 on commercial terms.

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

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27 Capital Commitments	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
	£	£	£	£
Expenditure authorised by the Board of Management / Board contracted less certified.	8,195,415	96,147	8,195,415	96,147
Expenditure authorised by the Board of Management not contracted	-	3,824,713	-	3,566,713

28 Deferred Taxation	BHA Group		Housing Association	
	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2014	Year to 31 March 2013
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.

29 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. A designated reserve has been set aside by transfer from the revenue reserve to cover this. The net present value of the payments due from 1 April 2014 is £ 3,593,917 using a discount rate of 2.9%.

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 2013. As of this date the estimated employer debt for Berwickshire Housing Association Limited was £ 6,580,384. A small number of what were previously Berwickshire Housing Association staff members, are now employed by Seton Care and Seton Care has noted an employer debt of £ 765,967 in its pension note to their accounts, which is also included in the Berwickshire Housing Association figure above.

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 £ 8,201. The cost of withdrawal if we exclude Series 3 liabilities from the calculation is £ 0.