



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED  
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2024**

Scottish Housing Regulator Registration No. HAL 289  
Co-operative and Community Benefit Society FCA No. 619299  
Scottish Charity No. SC042342



**CT:**

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**ANNUAL REPORT and GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2024**

**CONTENTS**

	<b>Page</b>
Board of Management, Executives and Advisers	1
Group Operating Review	2 - 9
Independent Auditor's Report	10 - 12
Independent Auditors' Report on Corporate Governance Matters	12
Consolidated Statement of Comprehensive Income	13
Association Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Association Statement of Financial Position	16
Consolidated Statement of Cash Flows	17
Association Statement of Cash Flows	18
Consolidated Statement of Changes in Reserves	19
Association Statement of Changes in Reserves	19
Notes to Group Financial Statements	20 - 42

# BERWICKSHIRE HOUSING ASSOCIATION LIMITED

## ANNUAL REPORT and GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2024

### BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

#### Board of Management

Jim McDevitt	Chair
Vivienne Cockburn	Vice-Chair
John Campbell	
Hugh Carr	
Brian Devlin	
Karen Featherstone	
Lynn Gray	(Resigned 19 Sep-23)
Paul Matthews	
Anne Rutherford	(Resigned 19 Sep-23)
Carolyn Wood	
Jordan Manning	(Appointed 19 Sep-23)
Claire McMillan	(Appointed 4 Oct-23)
John Urwin	(Appointed 12 Sep-23)
Anneka Gill	(Appointed 18 Oct-23)
Elsbeth Robertson	(Appointed 4 Oct-23 – Resigned 27 Jan 24)

#### Executive Officers

Michelle Meldrum	Chief Executive
Eleanor Rooke	Executive Director Business Support (Resigned 15 Aug-23)
Daniel Blake	Executive Director Customer Experience
Richard Hukin	Executive Director Business Support (Appointed 1 Aug-23)

#### Registered Office and Principal Address

55 Newtown Street, Duns, Berwickshire, TD11 3AU

#### Funders

Nationwide Building Society	The Royal Bank of Scotland plc	Allia C&C
Caledonia House	36 St. Andrew Square	Cheyne House
Carnegie Avenue	Edinburgh	Crown Court
Dunfermline	EH2 2YB	62-63 Cheapside
KY11 8PJ		London, EC2V 6AX

#### Bankers

The Royal Bank of Scotland plc  
36 St. Andrew Square  
Edinburgh  
EH2 2YB

#### External Auditor

Chiene + Tait LLP (trading CT)  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

#### Internal Auditor

TIAA Ltd  
Artillery House  
Newgate Lane  
Fareham  
PO14 1AH

#### Solicitors

Hastings Legal	BTO Solicitors LLP	TC Young Solicitors	Harper McLeod LLP
11 Murray Street	One Edinburgh Key	69 George Street	65 Haymarket Terrace
Duns	Edinburgh	Edinburgh	Edinburgh
TD11 3DF	EH3 9QG	EH2 2JG	EH12 5HD

# **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

## **ANNUAL REPORT and GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2024**

### **GROUP OPERATING REVIEW**

The directors present their annual report and audited group financial statements for the year ended 31 March 2024.

#### **Principal Activities**

The BHA Group comprises Berwickshire Housing Association (“BHA” or “the Association”), BHA Enterprise Ltd (“Enterprise”) and Berwickshire Community Renewables LLP (“BCR”). The principal activities of the Association are the provision and management of affordable rented accommodation. Enterprise manages 12 mid-market rent properties and holds the majority membership in Berwickshire Community Renewables Limited Liability Partnership (“BCR”). BCR operates a three-turbine wind farm, named ‘The Fishermen Three’.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS: BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

BHA's vision, “To realise the power of home”, places our focus very much on the importance of home which goes beyond bricks and mortar. We believe everyone has the right to a high quality, safe and affordable home, and a good quality of life. BHA have a role to play in enabling both outcomes for our customers. Our strategic aims set the ambition for four key areas of the business:

- Customer – to deliver an outstanding experience to our customers.
- Asset – to provide safe, affordable and energy efficient homes in places people want to live.
- People – to create an enabling, high-performance culture where people can thrive.
- Strength – to ensure organisational strength, value for money and good governance.

In the year to 31 March the Association recorded a deficit of £172k, compared with the surplus of £232k for the previous year. This decrease in surplus was purely in relation to the re-measurement of the pension deficit. The net cash inflow from operating activities was £4,188k (2023: £3,235k). Maintaining a strong level of cash generation is essential in ensuring that BHA can fund future investment needs in its existing stock to meet required standards, and to ensure that appropriate levels of new build development can be maintained. Further detail on the Association’s financial performance is set out on pages 5-6.

#### **New homes**

BHA aims to build as many new homes as it can afford to meet local need. We completed 21 homes in Duns in 2023/24. Due to the current cost of development and the recognised need to invest in our existing homes, we are reviewing our capacity to develop over the coming years.

#### **Existing Homes and Services**

Our revised operating model has now been in place since 2022 and has brought us closer to our customers who are at the heart of everything we do. Our seven Neighbourhood Managers provide proactive housing services to patch sizes of, on average, 280 homes each, being visible in our communities and providing one consistent point of contact to customers. Our Repairs Team ensure emergency and responsive repairs are delivered efficiently, effectively and to high a standard. Meanwhile our Tenancy Sustainability Managers work to support customers with more complex needs to successfully maintain their tenancy. Finally, our Customer Experience Team means that all inbound communications from customers are recorded and triaged by one team, in a joined-up way.

We continued to monitor customer satisfaction throughout the year, although our approach was a mix of both telephone and digital (text message) methods of obtaining customer feedback. Most of our core satisfaction measures have held steady across the year with a decline in how satisfied customers are with; the quality of their homes (73.7% down to 61.3%), the overall service provided by BHA (79.5% down to 74.6%) and that their rent represents value for money (74.6% down to 70.3%). We have seen a dip in satisfaction around our repairs service, but as reported later, this is a key area of focus for improvement as we introduce a new repairs delivery model. We are informed through our participation within sector benchmarking organisations such as Housemark, that these trends are consistent with the overall sector. We are committed to engaging our customers, ensuring we listen to their feedback and implement the necessary improvements to services.

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

### **ANNUAL REPORT and GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2024**

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS: BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)**

Our Neighbourhood Managers and Tenancy Sustainability Managers have actively supported our customers throughout the year to keep their rent arrears to a minimum and to help customers get access to any benefits to which they are entitled. At 31 March 2024, our gross rent arrears as a percentage of rent due stood at 4.44% (split 3.19% current tenants and 1.25% former tenants), being aligned to the prior year position of 4.15%, which was expected under the current economic circumstances. Total benefit gains generated for our customers across the year totalled £785k and 887 customers were assisted by the Tenancy Sustainment team.

Our Customer Experience Team has continued to deliver collective benefit for customers and colleagues. Over the year the team have received 14,335 calls of which 95.5% were answered. This is a similar performance to the prior year. Our out of hours contract continued to provide customers with a good level of service, with several service improvements introduced over the year to ensure customers can always contact someone in the event of an emergency.

Within our repairs service we had a number of pressures to contend with including contractual inflationary increases, increased customer demand, and the recognised need for strengthened cost controls. The level of expenditure on repairs and has continued to be higher than in prior years and is similar to that of the prior year at £1,666k (2023: £1,990k). Towards the end of the year we mutually terminated our repairs and voids contract with our multi-trade contractor. This required contingency contractors to step in to prevent any impact to customers. There is a continued focus on our repairs service, with additional resource being brought into enhance the work on cost and quality control and a new contract to be procured in August 2024.

At present, 79.44% of BHA's homes meet SHQS and 82% meet the EESSH 1 (Energy Efficiency Standard in Social Housing) requirements. Our reported SHQS now includes the requirement to have in place in date Electrical Inspection Safety Reports for all properties. We have now completed all EICRs as required.

A large proportion of the planned investment works completed in 2023/24 related to meeting the EESSH alongside one off projects addressing known issues in the stock. The EESSH works were made up of a window replacement programme (£402k), and the installation of air source heat pumps (£1,414k) partly funded by Scottish Government Net Zero Homes grant. Alongside this we provided a number of bathroom (£143k) and kitchen (£105k) replacements and roof replacements (£191k) were progressed.

During the year Savills (independent property experts) completed a stock condition validation exercise to provide independent assurance on BHA's stock condition database and its effectiveness in supporting the Business Plan. Their findings confirmed that the increased costs experienced over the previous year were likely to remain. This clearly impacts on future cost assumptions but ensures we have current and accurate information built into the business plan. This exercise also included on-site surveys of 400 homes which represents around 20% of all of BHA's homes. This complements the work carried out between 2021-2023 where over 70% of homes were surveyed internally and just under 100% were surveyed externally. The outcome of the Savills work feeds into BHA's asset investment programme and helps to determine key priorities for the short, medium and longer term.

This will all help inform our Asset Management Strategy which will be developed over 2024/25. This will include BHA's approach for ensuring we maintain up to date condition data on our assets.

#### **Support for our customers and communities**

Taking into account the cost-of-living crisis and the rapid increase in wholesale energy costs, mitigating fuel poverty has been at the forefront of our tenancy sustainment efforts again this year. In this year we have supported our customers with £32k of fuel poverty support. These amounts have been used for immediate payment to energy suppliers on behalf of our customers for large scale fuel arrears. We continue to provide a range of other customer and community programmes and further information on these can be found in our Customer Annual Report 2023-24.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS: BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)**

From May 2021 we started our three-year tranche of National Lottery Community Fund funding for our Befriend service. We have now also been awarded further funding for another three years. Befriend provides one to one befriending and group activities for people who are 65 and over, living in Berwickshire and Kelso. Our trained and vetted volunteers visit or call people who feel lonely and isolated, offering companionship, a chat, a chance to go out for coffee, or even a walk around the park. The people we visit really feel the benefit to their physical and mental wellbeing. An external evaluation was commissioned in 2023/24 through Figure 8 Consultants, this will help to inform an options appraisal into the future of the service.

Our mental health and wellbeing service, BeWell, is delivered in partnership with Penumbra (a leading national mental health charity) and has offered direct support to 59 people within the last year. This partnership began in October 2020 and focuses on early intervention and supporting individuals to positively manage their home, preventing tenancy breakdown. This year, we were delighted to expand the service to provide focused support to those under the age of 25 and within new tenancies. The project's success has been greatly supported by funding from the Community Mental Health and Wellbeing fund, and funding from The Lintel Trust.

**Supporting our people**

Our people continue to embrace The BHA Way, working flexibly both in terms of their working patterns and working location (using BHA offices, their homes, or other local hubs). We continue to have in place an "anchor day" where all teams are required to attend the office in person to ensure directorate, team, and one to one conversations take place face to face. BHA's new People Strategy was consulted on and introduced over 2022/23, with four key strands covering; reward and recognition, proactive health and wellbeing, learning and development, and careers and succession. Over the year the main area of focus has been around proactive health and wellbeing as well as careers and succession; introducing a new talent framework to support individuals through their chosen career paths at BHA and identifying our future leaders. This has included the continuance of supporting an individual through the GEM programme. Towards the end of the year a new, digital, engagement tool was introduced to better gather feedback from all colleagues and inform where things can be improved. The other strands of the people strategy will be focussed on from 2024/25 onwards, with clear delivery plans in place.

**Ensuring financial wellbeing**

The 2023/24 financial year has been characterised by continuing inflation rises and higher than historical interest rates. Whilst inflation has started to slow, due to the continuing difficulties within global supply routes, prices have remained high, particularly within the construction sector. The Bank of England Base rate rose a further three times, from 4.25% in April 2023 to 5.25% in August 2023 where it has remained for the remainder of the financial year. Exacerbating these external factors, was the previously noted increase in expenditure on repairs and voids maintenance. Against this backdrop of significant financial volatility close monitoring of our cash flows was critical, as was careful in-year forecasting to ensure delivery against approved financial plans, adherence to internal financial targets and lender covenants. Despite this we maintained significant investment levels in our properties, spending £2,446k (2023: £2,568k) on component replacements and capitalised improvements. Gift aid income from the wind farm, via BHA Enterprise, of £316k helped ensure we could preserve our planned investment spend.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS: BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)**

**Future Developments**

BHA's refreshed strategic framework was approved in January 2023 and following this our five-year business plan (2023 to 2028) was approved by the Board in March 2023. Our business plan sets out the key objectives under each of our strategic aims, and detailed delivery plans are in place for 2024/25. Our focus remains on ensuring we get the fundamentals right in the core business, and we continue to work on several foundational pieces of work over the coming year including (but not limited to); customer voice, BHA service catalogue, repairs delivery model, asset management strategy, procurement and contract management, cyber security, data and data management, Board development and succession. A critical piece of work planned for the coming years is the completion of "toolkits" (policy, procedure, working instructions, useful forms, etc.) for each of our processes. This will ensure how we deliver our services is efficient, consistent and to a high quality.

**Managing Risk**

BHA's approach to risk management focuses on the key controls we have in place to manage risk and documenting and strengthening our assurance framework which helps us ensure those key controls are operating effectively. Set out below are the key risks facing the association and the controls and mitigations in place:

<b>Key Risks</b>	<b>Mitigation/Controls</b>
<ul style="list-style-type: none"> <li>• Increased development, construction, investment and repairs costs</li> <li>• Materials and labour / contractor shortages</li> <li>• Non-compliance with asset management regulations</li> <li>• Inability to meet current and future housing quality requirements</li> </ul>	Budget and business/financial planning Business plan stress testing Fixed price contracts Increased lead in times on programmes Contractor monitoring and reporting procedures KPI's and Regulatory reporting Stock condition survey data Contingency for cost increases
<ul style="list-style-type: none"> <li>• IT infrastructure does not support the strategic direction / needs of the business</li> <li>• Successful cyber-attack or significant data breach</li> </ul>	ICT and Digital transformation strategy in place, approved by Board Appropriately qualified IT personnel in place External IT support provider Detailed three-year delivery plan, monitored by Operations Committee Supplier performance management Insurance cover
<ul style="list-style-type: none"> <li>• Fail to manage finances effectively</li> <li>• Non-compliance with funders requirements</li> </ul>	Agreed thresholds and principals ("Golden Rules") Financial Policies and Procedures Financial KPI's Weekly cash flow monitoring Monthly management accounts and covenant review Quarterly Financial Performance reporting to Board Quarterly forecasting Stress testing
<ul style="list-style-type: none"> <li>• Serious health and safety incident</li> </ul>	Policies and procedures Externally appointed competent person Health and safety advisory group Action plan and KPI monitoring Board appointed health and safety representative Training of key personnel

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**ANNUAL REPORT and GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2024**

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS: BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)**

**BHA Enterprise Ltd**

Enterprise continues to support the Limited Liability Partnership Berwickshire Community Renewables in the management of the wind farm at Hoprigshiels known as the 'Fisherman Three'. It also manages 12 mid-market rent homes in Duns. Enterprise made a small operating loss of £29k (2023: £28k) in the year which was in line with expected trading activities. After accounting for interest receivable and profit distributions from BCR, the reported profit for the financial year was £288k (2023: £372k). Enterprise gift aided £317k (2023: £720) to BHA during the year.

In the year the decision was made by the Enterprise Board to transfer the 12 MMR properties to BHA to be let as General Needs homes on Secured Tenancies. The transfer of these properties will be formally undertaken during 2024/25 financial year.



# BERWICKSHIRE HOUSING ASSOCIATION LIMITED

## ANNUAL REPORT and GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2024

### FINANCIAL REVIEW

#### Income

The Association's turnover for the year ended 31 March 2024 totalled £11,377k (2023: £11,491k). Rental and service charge income (net of void losses) accounted for 88% or £9,961k of this with the remainder including:

- £210k of Housing Association Grant released from deferred income.
- £96k grant received for adaptations.
- £211k received for wider role activities including; £74k Lottery funding for Befriending services, £47k funding for our BeWell services, £65k Fuel Poverty Fund, and £25k funding for Food Bank & Larders project.
- £19k received for recharges to subsidiaries for support services provided by BHA.
- £44k for commercial rents.
- £254k of renewable income from installed solar PV panels and Renewable Heat Incentive from eligible heating systems installed in our homes.
- £128k of insurance income accrued in relation to costs incurred.
- £317k of gift aid income from BHA Enterprise, being profit distributions from the wind farm.

The consolidated turnover for the group is £13,458k (2023: £13,189k).

#### Expenses

Total revenue expenditure in the year for the Association was £9,484k (2023: £9,831k), comprising the following main items:

- Letting activity management and maintenance administration costs £3,228k (2023: £3,201k)
- Depreciation of social housing properties £2,640k (2023: £2,442k)
- Reactive maintenance to social housing stock £1,611k (2023: £1,991k)
- Planned and cyclical maintenance of social housing stock £1,322k (2023: £1,158k)
- Wider role activities of £375k (2023: £332k)
- £14k on Development activities (2023: £14k).

The operating surplus generated by the Association in the year was £1,894k against an operating surplus of £1,660k for 2023. After net interest charges of £1,109k (2023: £827k) and loss on the sale and disposal of certain housing stock, the surplus for the year was £726k (2023: £725k). A pension scheme re-measurement debit of £898k (2023: £493k) takes total comprehensive income to a deficit for the year to £172k. The Group had a net surplus for the year of £180k (2023: £48k deficit).

The Association had a net asset position at the year-end of £41,404k compared with a net asset position of £41,498k for 2023. The consolidated net asset position was £42,620k (2023: £42,410k).

#### Pension

Berwickshire Housing Association participates in the Scottish Housing Association Pension Scheme and has previously reported a past service pension deficit relating to the defined benefit service already earned by staff members whilst the scheme was still open to those staff members. The deficit has increased from £334k in 2023 to £898k in the current year due to the continued financial volatility and a material increase in UK Government Bond yields.

#### Cash Flows

The cash flow statement of the Association is shown on page 18. BHA generated £4,188k (2023: £3,235k) from operating activities. Cash and cash equivalents decreased by £228k (2023: £506k decrease) including the continued investment in new builds with this expenditure covered by a mixture of grants and private finance.

#### Liquidity

The Association has a current cash position of £982k as at 31 March 2024, a decrease of £229k in the year. The Association manages cash flow and liquidity by ensuring available funds on loan facilities are only drawn as required. BHA has a £5,500k loan facility with Nationwide of which £1,500k has been drawn as at 31 March 2024, leaving a remaining facility of £4m should it be required.

# **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

## **ANNUAL REPORT and GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2024**

### **FINANCIAL REVIEW (continued)**

#### **Capital Structure and Treasury**

The Association's activities are funded based on a Business Plan which is updated annually. The main element of our long-term funding is provided by Nationwide Building Society and a smaller part of our loan facilities is provided by RBS and Allia. Interest rate risk is managed by the Board and treasury management arrangements are reviewed regularly.

#### **Reserves**

The Association has in place general revenue reserves of £18,256k which ensure we can meet future expenditure related to our core activities. Future surpluses or deficits made by the Association will impact the level of revenue reserves. The revaluation reserve of £23,070k recognises a historic revaluation increase of the housing stock. Should housing properties be revalued on the balance sheet at a future date, any revaluation gains or losses will be recognised through the revaluation reserve. The designated reserve of £78k relates to the sale of land at Seton Hall which was sold in the year. This was agreed by the Board and its future use will be determined in alignment with the Association's general charitable aims.

### **BOARD OF MANAGEMENT AND EXECUTIVE OFFICERS**

The members of the Board of Management and the Executive Officers are listed on Page 1.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers 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 of Management.

The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

### **BOARD OF MANAGEMENT'S RESPONSIBILITIES STATEMENT**

The Board of Management is responsible for preparing the Annual Report and Group Financial Statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation requires 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 of its income and expenditure for the year. In preparing those Group Financial Statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards and the Statement of Recommended Practice 2018 (SORP) have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- prepare the Group Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation.
- prepare a statement on Internal Financial Control.

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 to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements (February 2024). The Board of Management are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

### **ANNUAL REPORT and GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2024**

#### **BOARD OF MANAGEMENT'S RESPONSIBILITIES STATEMENT (continued)**

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditor in connection with preparing their report) of which the Association's auditor is unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditor is aware of that information.

#### **STATEMENT ON INTERNAL FINANCIAL CONTROL**

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment 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.
- the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term.
- quarterly financial management reports are prepared promptly, providing relevant, reliable, and up to date financial and other information, with significant variances from budget being investigated as appropriate.
- Regulatory returns are prepared, authorised, and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management.
- the Board of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken.
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2024. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**ANNUAL REPORT and GROUP FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**Donations**

During the year the Association made charitable donations amounting to £Nil (2023: £Nil)

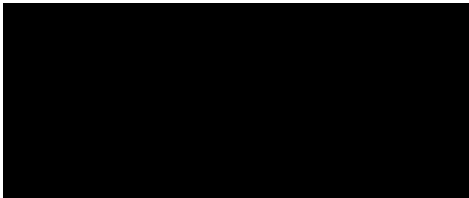
**Auditor**

A resolution to re-appoint CT will be proposed at the Annual General Meeting.

**Board**

This year we saw two valued Board members step down from the Board; Lynn Gray and Anne Rutherford. We were, however, delighted to welcome four highly experienced new Board members throughout the year. In September 2023; John Urwin and Jordan Manning, in October 2023; Anneka Gill and Claire McMillan. We also welcomed Elspeth Robertson to the Board in October 2023, but unfortunately Elspeth had to stand down in January 2024. Anyone interested in becoming a Board member should contact [secretary@Berwickshirehousing.org.uk](mailto:secretary@Berwickshirehousing.org.uk) for further details.

**BY ORDER OF THE BOARD OF MANAGEMENT**



Jim McDevitt  
Chair  
55 Newtown Street  
Duns, TD11 3AU

Date: 3 September 2024

### **Opinion**

We have audited the Group financial statements of Berwickshire Housing Association Limited (the 'Association') for the year ended 31 March 2024 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Cash Flows, the Consolidated and Association Statement of Changes in Reserves and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

**Responsibilities of the Board of Management**

As explained more fully in the Board of Management's Responsibilities Statement set out on page 7, the Board members (who are also the Trustees of the Association for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and

**INDEPENDENT AUDITOR'S REPORT to the MEMBERS OF  
BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)**



- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

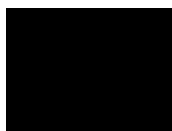
As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2024, the Co-operative and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

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

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

**Use of our report**

This report is made solely to the Association's members, as a body, in accordance with 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 the opinions we have formed.



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

Date: 3 September 2024

**REPORT BY THE AUDITOR TO THE MEMBERS OF 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 page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



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

Date:  
3 September 2024

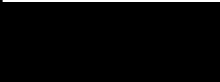
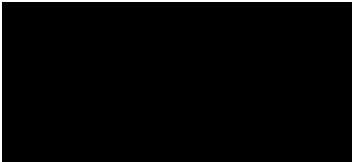


**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****CONSOLIDATED STATEMENT of COMPREHENSIVE INCOME****For the year ended 31 March 2024**

	<b>Notes</b>	<b>2024 £000</b>	<b>2023 £000</b>
<b>Revenue</b>	2	13,458	13,189
Operating costs	2	10,631	11,130
<b>Operating Surplus</b>	2	2,827	2,059
Minority member's share of (gain)/loss in LLP		(111)	(234)
(Loss) on sale of housing stock	7	(58)	(108)
Interest receivable and similar income		27	7
Interest payable and similar charges	8	(1,606)	(1,279)
<b>Surplus before tax</b>		1,078	445
Taxation	10	-	-
<b>Surplus for year</b>		1,078	445
<b>Other comprehensive income</b>			
Re-measurement of pension deficit	11	(898)	(493)
<b>Total comprehensive income</b>		180	(48)

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

The financial statements were approved and authorised for issue by the Board of Management on 3 September 2024 and signed on their behalf.

  
Jim McDevitt  
Chair  
Hugh Carr  
Risk and Assurance Committee Chair  
Richard Hukin  
Secretary

The notes on pages 20 to 42 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****ASSOCIATION STATEMENT of COMPREHENSIVE INCOME****For the year ended 31 March 2024**

	<b>Notes</b>	<b>2024 £000</b>	<b>2023 £000</b>
<b>Revenue</b>	2	11,377	11,491
Operating costs	2	9,484	9,831
<b>Operating Surplus</b>	2	1,894	1,660
(Loss) on sale of housing stock	7	(58)	(108)
Interest receivable and similar income		23	6
Interest payable and similar charges	8	(1,132)	(833)
<b>Surplus for year</b>		726	725
<b>Other comprehensive income</b>			
Re-measurement of pension deficit	11	(898)	(493)
<b>Total comprehensive income/(deficit)</b>		<b>(172)</b>	<b>232</b>

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

The financial statements were approved and authorised for issue by the Board of Management on 3 September 2024 and signed on their behalf.

		
Jim McDevitt Chair	Hugh Carr Risk and Assurance Committee Chair	Richard Hukin Secretary

The notes on pages 20 to 42 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**  
**CONSOLIDATED STATEMENT of FINANCIAL POSITION**

**As at 31 March 2024**

	<b>Notes</b>	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
<b>Tangible fixed assets</b>			
Housing properties	12	92,956	91,893
Other tangible fixed assets	13	9,530	10,092
		<u>102,485</u>	<u>101,985</u>
Investments	14	-	-
<b>Current assets</b>			
Stock	15	-	-
Debtors	16	2,070	1,254
Cash at bank and in hand		1,476	1,801
		<u>3,546</u>	<u>3,055</u>
<b>Creditors:</b> amounts falling due within one year	17	<u>(4,019)</u>	<u>(3,682)</u>
<b>Net current (liabilities)</b>		(473)	(627)
<b>Total assets less current liabilities</b>		102,013	101,358
<b>Creditors:</b> amounts falling due after more than one year	18	(36,910)	(38,225)
<b>Deferred income</b>	19	(21,251)	(20,389)
<b>Pension deficit</b>	26	(1,232)	(334)
<b>Net assets</b>		<u>42,620</u>	<u>42,410</u>
<b>Capital and reserves</b>			
Share capital	20	-	-
Minority interest		308	197
Revenue reserves		19,165	19,143
Revaluation reserve		23,070	23,070
Designated reserve		76	-
<b>Total reserves</b>		<u>42,620</u>	<u>42,410</u>

The financial statements were approved and authorised for issue by the Board of Management on 3 September 2024 and signed on their behalf.

		
Jim McDevitt Chair	Hugh Carr Risk and Assurance Committee Chair	Richard Hukin Secretary

The notes on pages 20 to 42 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION STATEMENT of FINANCIAL POSITION**

**As at 31 March 2024**

	<b>Notes</b>	<b>2024 £000</b>	<b>2023 £000</b>
<b>Tangible fixed assets</b>			
Housing properties	12	92,956	91,893
Other tangible fixed assets	13	167	209
		<hr/> 93,123	<hr/> 92,102
Investments	14	-	-
<b>Current assets</b>			
Stock	15	-	-
Debtors	16	1,219	768
Cash at bank and in hand		982	1,211
		<hr/> 2,201	<hr/> 1,979
<b>Creditors:</b> amounts falling due within one year	17	(2,850)	(2,602)
		<hr/> (649)	<hr/> (623)
<b>Net current (liabilities)</b>			
		92,474	91,479
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> amounts falling due after more than one year	18	(28,587)	(29,258)
<b>Deferred income</b>	19	(21,251)	(20,389)
<b>Pension deficit</b>	26	(1,232)	(334)
		<hr/> 41,404	<hr/> 41,498
<b>Net assets</b>			
<b>Capital and reserves</b>			
Share capital	20	-	-
Revenue reserves		18,256	18,428
Revaluation reserve		23,070	23,070
Designated reserve		78	-
		<hr/> 41,404	<hr/> 41,498
<b>Total reserves</b>			

The financial statements were approved and authorised for issue by the Board of Management on 3 September 2024 and signed on their behalf.

		
Jim McDevitt Chair	Hugh Carr Risk and Assurance Committee Chair	Richard Hukin Secretary

The notes on pages 20 to 42 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED STATEMENT of CASH FLOWS**

**For the year ended 31 March 2024**

	Notes	2024 £000	2023 £000
<b>Net cash generated by operating activities</b>	21	5,373	4,230
<b>Investing activities</b>			
Acquisition and construction of properties		(4,244)	(5,333)
Purchase of other fixed assets		(44)	(128)
Proceeds from the sale of fixed assets		852	
Social housing grant received		679	1,698
<b>Net cash (outflow) from investing activities</b>		<u>(2,757)</u>	<u>(3,763)</u>
<b>Financing activities</b>			
Interest received on cash and cash equivalents		27	7
Interest paid on loans		(1,503)	(1,170)
Loan principal repayments (including revolving credit)		(1,464)	(1,528)
Loan drawdown		-	1,500
Profit distribution to minority interest		-	(200)
Share capital issued		-	-
<b>Net cash inflow from financing</b>		<u>(2,940)</u>	<u>(1,391)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>		(325)	(924)
Opening cash and cash equivalents		1,801	2,725
<b>Closing cash and cash equivalents</b>		<u>1,476</u>	<u>1,801</u>
<b>Cash and cash equivalents</b>			
Current asset investment		-	-
Cash at bank and in hand		1,476	1,801
		<u>1,476</u>	<u>1,801</u>

**CONSOLIDATED ANALYSIS OF CHANGES IN NET DEBT**

**For the year ended 31 March 2024**

	2023 £000	Cash Flows £000	Non-Cash Finance Leases £000	Other Changes £000	2024 £000
Long-term borrowings	38,225	(1,427)	-	112	36,910
Short-term borrowings	1,589	(149)	-	-	1,440
<b>Total liabilities</b>	<u>39,814</u>	<u>(1,576)</u>	<u>-</u>	<u>112</u>	<u>38,350</u>
Cash and cash equivalents	-	-	-	-	-
<b>Total net debt</b>	<u>39,814</u>	<u>(1,576)</u>	<u>-</u>	<u>112</u>	<u>38,350</u>

The notes on pages 20 to 42 form part of these financial statements

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**ASSOCIATION STATEMENT of CASH FLOWS**

**For the year ended 31 March 2024**

	Notes	2024 £000	2023 £000
<b>Net cash generated by operating activities</b>	21	4,188	3,235
<b>Investing activities</b>			
Acquisition and construction of properties		(4,244)	(5,333)
Purchase of other fixed assets		(45)	(128)
Proceeds from the disposal of fixed assets		852	
Social housing grant received		679	1,698
<b>Net cash outflow from investing activities</b>		<u>(2,758)</u>	<u>(3,763)</u>
<b>Financing activities</b>			
Interest received on cash and cash equivalents		23	6
Interest paid on loans		(1,029)	(723)
Loan principal repayments (including revolving credit)		(653)	(761)
Loan drawdown			1,500
Share capital issued		-	-
<b>Net cash inflow from financing</b>		<u>(1,659)</u>	<u>22</u>
<b>Decrease in cash and cash equivalents</b>		<u>(229)</u>	<u>(506)</u>
Opening cash and cash equivalents		1,211	1,717
<b>Closing cash and cash equivalents</b>		<u>982</u>	<u>1,211</u>
<b>Cash and cash equivalents</b>			
Current asset investment		-	-
Cash at bank and in hand		982	1,211
		<u>982</u>	<u>1,211</u>

**ASSOCIATION ANALYSIS OF CHANGES IN NET DEBT**

**For the year ended 31 March 2024**

	2023 £000	Cash Flows £000	Non-Cash Finance Leases £000	Other Changes £000	2024 £000
Long-term borrowings	29,258	(783)	-	112	28,587
Short-term borrowings	778	17	-	-	795
Total liabilities	<u>30,036</u>	<u>(766)</u>	<u>-</u>	<u>112</u>	<u>29,382</u>
Cash and cash equivalents	<u>(1,211)</u>	<u>229</u>	<u>-</u>	<u>-</u>	<u>(982)</u>
<b>Total net debt</b>	<u>28,825</u>	<u>(537)</u>	<u>-</u>	<u>112</u>	<u>28,400</u>

The notes on pages 20 to 42 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED STATEMENT of CHANGES in RESERVES**

**For the year ended 31 March 2024**

	<b>Share Capital £000</b>	<b>Revenue Reserves £000</b>	<b>Revaluation Reserve £000</b>	<b>Minority Interest £000</b>	<b>Designated Reserve £000</b>	<b>Total £000</b>
Balance as at 1 April 2023	-	19,143	23,070	197	-	42,410
Issue of shares	-	-	-	-	-	-
Transfer of reserves	-	-	-	-	78	78
Minority interest for the year	-	-	-	111	-	111
Surplus for the year	-	22	-	-	-	22
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>19,165</b>	<b>23,070</b>	<b>308</b>	<b>78</b>	<b>42,620</b>

**ASSOCIATION STATEMENT of CHANGES in RESERVES**

**For the year ended 31 March 2024**

	<b>Share Capital £000</b>	<b>Revenue Reserves £000</b>	<b>Revaluation Reserve £000</b>	<b>Designated Reserve £000</b>	<b>Total £000</b>
Balance as at 1 April 2023	-	18,428	23,070	-	41,498
Issue of shares	-	-	-	-	-
Transfer of reserves	-	-	-	78	78
Loss for the year	-	(172)	-	-	(172)
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>18,256</b>	<b>23,070</b>	<b>78</b>	<b>41,404</b>

The designated reserve relates to amounts transferred to the Association on the sale of land at Seton Hall. The Board reviewed the designation of these funds in the year and agreed to retain them as a designated reserve as the purpose for the designation aligns with the Association's overall purpose.

The notes on pages 20 to 42 form part of these financial statements

# BERWICKSHIRE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2024

### LEGAL STATUS

Berwickshire Housing Association Limited (“BHA” or the “Association”) is registered under the Co-operative and Community Benefits Societies Act 2014 No. 2482R(S) and is a registered Scottish Charity number SC042342. BHA is registered as a Registered Social Landlord with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Association is the provision of social housing. The registered address is 55 Newtown Street, Duns, Berwickshire, TD11 3AU. BHA has one wholly owned subsidiary, BHA Enterprise Ltd. BHA Enterprise is the 2/3<sup>rd</sup> majority member of Berwickshire Community Renewables LLP.

#### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

##### **Basis of accounting**

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included in the Determination of Accounting Requirements (February 2024). The financial statements have also been prepared in accordance with the Statement of Recommended Practice for social housing providers 2018 (“SORP 2018”), issued by the National Housing Federation and in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102).

The financial statements have been prepared and under the historical cost accounting rules, modified to include the deemed cost of housing properties at the date of transition to FRS 102. Transfers are made from the revaluation reserve to the revenue reserve for the difference between depreciation based on historical cost and that charged on deemed cost.

The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

##### **Foreign currency translation**

###### Functional and Presentational Currency

Items included in the financial statement of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Sterling (£) is the Association’s functional and the Group’s presentation currency.

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of Berwickshire Housing Association Limited and its subsidiary undertakings as at 31 March 2024 on a ‘line by line’ basis. BHA Enterprise Ltd is a wholly owned subsidiary of BHA and is the majority member of Berwickshire Community Renewables LLP (BCR) which operates a windfarm. The share of non-controlling interest in BCR in the Group’s Consolidated Statement of Financial Position and in Group’s Consolidated Statement of Changes in Equity is disclosed as Minority Interests. The share of the profit or loss for the year is presented under the heading “Minority Member’s Share of Gain in LLP.”

Berwickshire Community Renewables LLP received project funding to construct and operate a windfarm. This project funding is such that distributions from Berwickshire Community Renewables LLP are only allowed if these are in compliance with its loan agreements.



## BERWICKSHIRE HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS (continued)

#### For the year ended 31 March 2024

#### 1. Accounting policies (continued)

##### Turnover/Revenue

The Association recognises rent receivable net of losses from voids. Service charge income (net of voids) is recognised when expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met. Income from electricity generation is recognised when the amount of revenue can be measured reliably.

##### Land

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

##### Social housing grant and other grants in advance / arrears

Social housing grants and other capital grants are accounted for using the accrual method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates. Grants received for land purchases that are not yet developed and grants for developments under construction are deferred to income and not amortised until the development is complete.

Social housing grant received in respect of revenue expenditure is credited to income in the same period as the expenditure to which it relates.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be recognised on the sale of the asset.

##### Going concern

The group financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from the rental of social housing stock.

##### Fixed assets – housing properties

In accordance with SORP 2018, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

##### Valuation of housing properties

Housing properties are stated at cost less accumulated depreciation.

##### Depreciation of housing properties

Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as housing properties within note 12.

Component	Useful Economic Life	Component	Useful Economic Life	Component	Useful Economic Life
Walls	100 years	Roofs	60 years	Chimney	50 years
Windows	20 years	Doors	20 years	Lifts	20 years
Kitchens	20 years	Heating	20 years	Alarm Systems	25 years
Boilers	10 years	Bathrooms	20 years	Fire Safety	10 years
Structure	100 years	Renewables	20 years		

Housing assets are depreciated for a full year in the year in which they are capitalised.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amounts and any write down would be charged to the operating surplus.

## BERWICKSHIRE HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS (continued)

#### For the year ended 31 March 2024

#### 1. Accounting policies (continued)

##### **New build**

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when they are ready for letting or sale.

##### **Mid-Market Rent**

Mid-market rent properties are let to BHA Enterprise at social housing rents. BHA has 12 mid-market rent properties and they are valued at depreciated cost. They are not considered to be investment property.

##### **Sales of housing properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

##### **Life cycle of components**

The Association estimates the useful lives of major components of its housing property with reference to professional advice, the Group's asset management strategy and the requirements of the Scottish Housing Quality Standard.

##### **Leases/leased assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

##### **Works to existing properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

##### **Other tangible assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Tangible fixed assets are capitalised when the total cost is £1,000 or higher, otherwise the cost is recognised in the Statement of Comprehensive Income in the year in which it was incurred.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight line method. The rates applicable are:

Office premises	10 years
Other equipment	5-10 years
Computer hardware	2-5 years
Motor vehicles	2-5 years
Improvements to leased properties	2-5 years
Wind Farm Turbines	25 years

Tangible fixed assets are depreciated for a full year in the year in which they are capitalised.

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

### **NOTES to the FINANCIAL STATEMENTS (continued)**

#### **For the year ended 31 March 2024**

#### **1. Accounting policies (continued)**

##### **Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with the carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### **Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **Deposits and liquid resources**

Cash, for the purposes of the cash flow statement, comprise cash in hand net of any overdraft repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

##### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, excluding bank loans, are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

##### **Finance costs**

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

##### **Estimation uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying BHA's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

##### **Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

##### **Retirement benefits**

The Association participates in the Scottish Housing Associations Pension Scheme (SHAPS). The defined benefit section of SHAPS has been closed to new members and future new service accrual and a defined contribution scheme is now offered to eligible employees. The overall SHAPS defined benefit scheme is in deficit and the Association accounts for its share of the deficit in accordance with FRS 102 using a specially commissioned actuarial valuation. Based on the current year valuation the Association has no deficit to report. The Association makes past service pension deficit payments in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**1. Accounting policies (continued)**

**Financial instruments**

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable are initially measured at the present value of future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables and receivables, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

BERWICKSHIRE HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2024

2. (a) Consolidated particulars of revenue, operating costs and operating surplus

	Notes	Revenue £000	Operating Costs £000	2024 Operating Surplus £000	Revenue £000	Operating Costs £000	2023 Operating Surplus £000
Affordable lettings activities	3(a)	10,343	9,135	1,208	9,915	9,246	669
Other activities	4(a)	3,115	1,496	1,619	3,274	1,884	1,390
<b>Total</b>		<b>13,458</b>	<b>10,631</b>	<b>2,827</b>	<b>13,189</b>	<b>11,130</b>	<b>2,059</b>

2. (b) Association particulars of revenue, operating costs and operating surplus

	Notes	Revenue £000	Operating Costs £000	2024 Operating Surplus £000	Revenue £000	Operating Costs £000	2023 Operating Surplus £000
Affordable lettings activities	3(b)	10,339	9,109	1,231	9,909	9,221	688
Other activities	4(b)	1,038	375	663	1,582	610	972
<b>Total</b>		<b>11,377</b>	<b>9,484</b>	<b>1,894</b>	<b>11,491</b>	<b>9,831</b>	<b>1,660</b>

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**3. (a) Particulars of income and expenditure from affordable lettings – Group**

	<b>General needs housing £000</b>	<b>Supported housing £000</b>	<b>Shared ownership £000</b>	<b>Garages £000</b>	<b>2024 Total £000</b>	<b>2023 Total £000</b>
<b>Revenue from lettings</b>						
Rent receivable net of service charges	9,306	348	6	263	9,923	9,356
Service charges	13	251	-	-	264	250
<b>Gross income from rents and service charges</b>	<b>9,319</b>	<b>599</b>	<b>6</b>	<b>263</b>	<b>10,187</b>	<b>9,606</b>
Less: voids	(94)	(17)	-	(112)	(223)	(190)
<b>Net income from rents and service charges</b>	<b>9,225</b>	<b>583</b>	<b>6</b>	<b>151</b>	<b>9,964</b>	<b>9,416</b>
Grants released from deferred income	209	-	-	-	209	188
Revenue grants from Scottish Ministers	96	-	-	-	96	133
Other revenue grants	73	-	-	-	73	178
<b>Total revenue from affordable letting activities</b>	<b>9,603</b>	<b>583</b>	<b>6</b>	<b>151</b>	<b>10,343</b>	<b>9,915</b>
<b>Expenditure on affordable letting activities</b>						
Service costs	144	115	-	-	259	251
Management and maintenance administration costs	2,881	217	-	144	3,242	3,213
Reactive maintenance	1,509	110	-	6	1,624	2,004
Bad debts – rents and service charges	47	-	-	-	47	52
Planned and cyclical maintenance inc. major repairs	1,271	51	-	-	1,322	1,158
Depreciation of social housing	2,558	82	-	-	2,640	2,442
Impairment of housing	-	-	-	-	-	126
<b>Operating costs for affordable letting activities</b>	<b>8,409</b>	<b>576</b>	<b>-</b>	<b>150</b>	<b>9,135</b>	<b>9,246</b>
<b>Operating surplus for affordable letting activities</b>	<b>1,194</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>1,208</b>	<b>669</b>
<b>2023</b>	<b>660</b>	<b>-</b>	<b>6</b>	<b>3</b>	<b>669</b>	

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**3. (b) Particulars of income and expenditure from affordable lettings – Association**

	General needs housing £000	Supported housing £000	Shared ownership £000	Garages £000	2024 Total £000	2023 Total £000
<b>Revenue from lettings</b>						
Rent receivable net of service charges	9,301	348	6	263	9,919	9,350
Service charges	13	251	-	-	264	250
<b>Gross income from rents and service charges</b>	9,314	599	6	263	10,183	9,600
Less: voids	(93)	(17)	-	(112)	(222)	(190)
<b>Net income from rents and service charges</b>	9,221	583	6	151	9,961	9,410
Grants released from deferred income	210	-	-	-	210	188
Revenue grants from Scottish Ministers	96	-	-	-	96	133
Other revenue grants	73	-	-	-	73	178
<b>Total turnover from affordable letting activities</b>	9,600	583	6	151	10,339	9,909
<b>Expenditure on affordable letting activities</b>						
Service costs	144	115	-	-	259	251
Management and maintenance administration costs	2,867	217	-	144	3,228	3,202
Reactive maintenance	1,496	110	-	6	1,611	1,990
Bad debts – rents and service charges	47	1	-	-	48	52
Planned and cyclical maintenance inc. major repairs	1,271	51	-	-	1,322	1,158
Depreciation of social housing	2,558	82	-	-	2,640	2,442
Impairment of housing	-	-	-	-	-	126
<b>Operating costs for affordable letting activities</b>	8,383	576	-	149	9,109	9,221
<b>Operating surplus for affordable letting activities</b>	1,217	6	6	2	1,231	688
<b>2023</b>	679	-	6	3	688	

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**4. (a) Consolidated particulars of revenue, operating cost and operating surplus or deficit from other activities**

	Grants from Scottish Ministers £000	Other revenue grants £000	Supporting people income £000	Other income £000	Total turnover £000	Operating costs		Operating surplus/ (deficit) 2024 £000	Operating surplus/ (deficit) 2023 £000
						Bad debts £000	Other £000		
Wider role activities	-	211	-	-	211	-	254	(44)	(26)
Factoring – agency services	-	-	-	19	19	-	16	3	3
Construction of property activities	-	-	-	-	-	-	8	(8)	(15)
Sale of land and houses (non-RTB)	-	-	-	3	3	-	-	3	8
Other activities									
<i>Electricity generation</i>	-	-	-	2,418	2,418	-	1,121	1,297	1,160
<i>Commercial rental</i>	-	-	-	44	44	-	14	31	31
<i>Renewable income</i>	-	-	-	254	254	-	-	254	238
<i>Other income/expenditure</i>	-	-	-	166	166	-	58	107	13
<i>Project management</i>	-	-	-	-	-	-	24	(24)	(22)
<b>Total from other activities</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>2,969</b>	<b>3,115</b>	<b>-</b>	<b>1,884</b>	<b>1,619</b>	<b>1,390</b>
<b>2023</b>	<b>-</b>	<b>170</b>	<b>-</b>	<b>2,969</b>	<b>3,274</b>	<b>-</b>	<b>1,884</b>	<b>1,390</b>	



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**4. (b) Particulars of revenue, operating cost and operating surplus or deficit from other activities - Association**

	Grants from Scottish Ministers £000	Other revenue grants £000	Supporting people income £000	Other income £000	Total turnover £000	Operating costs		Operating surplus/ (deficit) 2024 £000	Operating surplus/ (deficit) 2023 £000
						Bad debts £000	Other £000		
Wider role activities	-	211	-	-	211	-	254	(44)	(26)
Factoring – agency services	-	-	-	19	19	-	16	3	3
Construction of property activities	-	-	-	-	-	-	8	(8)	(15)
Sale of land and houses (non-RTB)	-	-	-	3	3	-	-	3	8
Other activities									
<i>Commercial rental</i>	-	-	-	44	44	-	14	30	31
<i>Business support to sub companies</i>	-	-	-	24	24	-	22	-	-
<i>Gift aid from subsidiary company</i>	-	-	-	317	317	-	-	317	720
<i>Renewable income</i>	-	-	-	254	254	-	-	254	238
<i>Other income/expenditure</i>	-	-	-	166	166	-	58	108	13
<b>Total from other activities</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>827</b>	<b>1,038</b>	<b>-</b>	<b>610</b>	<b>663</b>	<b>972</b>
<b>2023</b>	<b>-</b>	<b>306</b>	<b>-</b>	<b>1,277</b>	<b>1,582</b>	<b>-</b>	<b>610</b>	<b>972</b>	

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**5. Officers emoluments – Group and Association**

	<b>2024</b>	<b>2023</b>
<p>The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, and managers of the Association. These officers also constitute the Association's Key Management Personnel</p>		
Number of officers of the Association who received emoluments greater than £60,000	3	5
	£000	£000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	356	342
Pension contributions made on behalf on officers with emoluments greater than £60,000	29	29
Emoluments payable to Chief Executive (excluding pension contributions)	109	108
Pension contributions made on behalf of Chief Executive	9	9
Total emoluments payable to Chief Executive	<u>118</u>	<u>117</u>

The number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

£60,001 to £70,000	1	1
£70,001 to £80,000	-	-
£80,001 to £90,000	1	3
£90,001 to £100,000	-	-
£100,001 to £110,000	<u>1</u>	<u>1</u>

**6. Employee information – Group and Association**

	<b>2024</b>	<b>2023</b>
	No.	No.
The monthly number of full time equivalent persons employed during the year was	46	46
The total number of employees employed during the year was	<u>52</u>	<u>52</u>
	£000	£000
<b>Staff costs were</b>		
Salaries	1,717	1,679
Social security costs	178	183
Other pension costs	132	129
<b>Total</b>	<u><b>2,028</b></u>	<u><b>1,991</b></u>

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**7. (Loss) on sale of fixed assets – Group and Association**

	<b>2024</b>	<b>2023</b>
	£000	£000
Sales proceeds	-	-
Cost of sales	(58)	(30)
<b>(Loss)/gain on sale of housing stock</b>	<b>(58)</b>	<b>(30)</b>

**8. Interest payable and similar charges**

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£000	£000	£000	£000
On bank loans and overdrafts	1,606	1,279	1,132	833
Net interest on net defined benefit pension obligations	-	-	-	-
	<b>1,606</b>	<b>1,279</b>	<b>1,132</b>	<b>833</b>

**9. Surplus for year**

The surplus for the year is stated after charging:

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£000	£000	£000	£000
Depreciation:				
Housing properties	2,640	2,442	2,640	2,442
Other fixed assets	637	626	86	117
Auditors' remuneration:				
Audit services – current year	30	29	19	21
Other services – current year	-	3	-	-
Audit services – prior year	-	-	-	-
Operating lease rentals:				
Land and buildings	149	117	-	-
Other	27	15	27	15

**10. Tax on surplus on ordinary activities**

The Association is a registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its income and gains to the extent that the surplus is applied to the charitable objects.

BHA Enterprise Ltd is liable to United Kingdom Corporation Tax on its taxable profits.

Tax arising on the profits of Berwickshire Community Renewables LLP is borne by its Members.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

<b>11. Pension deficit adjustment – Group and Association</b>	<b>2024</b>	<b>2023</b>
	£000	£000
Re-measurement of pension deficit (note 26)	(898)	(493)

**12. Tangible fixed assets – social housing properties – Group and Association**

	<b>Housing properties held for letting</b>	<b>Assets under con- struction</b>	<b>Land for develop- ment</b>	<b>Land for sale</b>	<b>Total</b>
	£000	£000	£000	£000	£000
<b>Cost</b>					
As at 1 April 2023	103,066	3,213	1,321	483	108,084
Additions	-	1,324	488	-	1,811
Capitalised improvements	2,433	-	-	-	2,433
Disposals	(150)	-	-	(483)	(633)
Impairment losses	-	-	-	-	-
Transfers	4,182	(4,182)	-	-	-
<b>As at 31 March 2024</b>	<b>109,532</b>	<b>355</b>	<b>1,809</b>	<b>-</b>	<b>111,695</b>
<b>Depreciation</b>					
As at 1 April 2023	16,191	-	-	-	16,191
Charge for the year	2,640	-	-	-	2,640
Disposals	(91)	-	-	-	(91)
<b>As at 31 March 2024</b>	<b>18,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,740</b>
<b>Net book value</b>					
<b>As at 31 March 2024</b>	<b>90,792</b>	<b>355</b>	<b>1,809</b>	<b>-</b>	<b>92,956</b>
As at 31 March 2023	86,875	3,213	1,321	483	91,893

Additions to housing properties include capitalised major repair costs to existing properties of £2,433k (2023: £2,568k). Over the year, £2,946k (Group) and £2,933k (Association) was charged to responsive and planned and cyclical maintenance in the Statement of Comprehensive Income (2023: £3,126k – Group; £3,148k – Association).

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carrying value of £27,115k (2023: £27,115k).

**Impairment charges**

The Association classifies its cash generating units in terms of the property schemes that it uses for asset management purposes.

There is no impairment charge in this financial year (2023: £126k). In the prior year this represented specific properties which it is deemed uneconomical to bring up to required standard and therefore were approved for demolition by the Board.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**13. Other tangible fixed assets – Group and Association**

	Heritable office property £000	Leasehold improvements £000	Equipment £000	Motor vehicles £000	Association Subtotal £000	Wind Farm & Grid Upgrade £000	Group Total £000
<b>Cost</b>							
As at 1 April 2023	660	214	889	33	1,796	12,852	14,648
Additions	-	15	30	-	45	-	45
Disposals	-	-	-	(9)	(9)	-	(9)
<b>As at 31 March 2024</b>	<b>660</b>	<b>229</b>	<b>919</b>	<b>25</b>	<b>1,832</b>	<b>12,852</b>	<b>14,684</b>
<b>Depreciation</b>							
As at 1 April 2023	660	138	776	14	1,588	2,969	4,557
Charge for the year	-	18	63	5	86	520	606
Disposals	-	-	-	(9)	(9)	-	(9)
<b>As at 31 March 2024</b>	<b>660</b>	<b>156</b>	<b>839</b>	<b>10</b>	<b>1,665</b>	<b>3,489</b>	<b>5,154</b>
<b>Net book value</b>							
<b>As at 31 March 2024</b>	<b>-</b>	<b>72</b>	<b>80</b>	<b>15</b>	<b>167</b>	<b>9,363</b>	<b>9,530</b>
As at 31 March 2023	-	75	113	20	209	9,883	10,092

Borrowing costs capitalised during the year amount to £nil (2023: £nil) for the Group and £nil (2023: £nil) for the Association.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**14. Investments**

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£	£	£	£
Unlisted – shares in subsidiary companies	-	-	1	1

The Association has ultimate control over the legal entities listed below.

BHA Enterprise Ltd is a private company wholly owned by the Association, which specialises in the owning of property and the delivery of renewable energy solutions. The Association owns the only issued share in the company with a nominal value of £1. In the Group financial statements, 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 set up to develop and operate a windfarm.

	<b>2024</b>	<b>2023</b>
	£000	£000
<b>BHA Enterprise Ltd (100%)</b>		
Aggregate capital and reserves	393	422
Profit/(loss) for the year	288	372
<b>Berwickshire Community Renewables LLP (2/3<sup>rd</sup>)</b>		
Aggregate capital and reserves	924	590
Profit/(loss) for the year	809	701

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

**15. Stock – Group and Association**

	<b>2024</b>	<b>2023</b>
	£000	£000
Consumables	-	-

**16. Debtors**

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£000	£000	£000	£000
Arrears of rent and service charge	449	309	442	304
Less: provision for doubtful rental debts	(175)	(186)	(175)	(186)
Net rent arrears	274	123	267	118
Other debtors	1,887	1,159	938	574
Less: Provision for doubtful other debts	(98)	(99)	(98)	(99)
	1,789	1,060	840	475
Trade debtors	7	71	6	70
Inter-entity debtors	-	-	105	105
	2,070	1,254	1,219	768

Inter-entity debtors are unsecured, interest free and repayable on demand.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**17. Creditors:** amounts falling due within one year

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£000	£000	£000	£000
Housing Loans	795	778	795	778
Other bank loans and overdrafts	645	811	-	-
Trade payables	214	140	209	135
Rent in advance	213	212	213	212
Other taxation and social security	204	200	62	65
Other payables	-	-	-	-
Provision for holiday pay	12	11	12	11
Accruals and deferred income (Note 19)	1,936	1,530	1,559	1,401
	<u>4,019</u>	<u>3,682</u>	<u>2,850</u>	<u>2,602</u>

**18. Creditors:** amounts falling due after one year

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£000	£000	£000	£000
Housing Loans	28,587	29,258	28,587	29,258
Project finance – bank and other loans	8,967	9,778	-	-
	<u>37,554</u>	<u>38,225</u>	<u>28,587</u>	<u>29,258</u>

Housing loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from floating rates of SONIA + 0.3% to 1.62%, and fixes of between 1.79% to 4.40%.

**Housing loans repayable by instalments - Group and Association:**

	<b>2024</b>	<b>2023</b>
	£000	£000
Repayable within one year	795	778
Repayable within two to five years	12,799	12,716
Repayable after five years	15,788	16,542
	<u>29,383</u>	<u>30,036</u>

Project Finance is secured by specific charges on the Windfarm. Loans are repayable at current rates of interest ranging from Base Rate+2.5% to 4.663%.

**Project finance loans repayable by instalments – Group:**

	<b>2024</b>	<b>2023</b>
	£000	£000
Repayable within one year	871	811
Repayable within two to five years	3,140	3,321
Repayable after five years	4,956	5,646
	<u>8,967</u>	<u>9,778</u>

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**19. Deferred income - Group and Association**

	<b>2024</b>	<b>2023</b>
	£000	£000
<b>Social Housing Grants</b>		
Balance as at 1 April	20,180	18,666
Additions in year	594	1,698
Amortisation in year	(209)	(184)
<b>Balance as at 31 March</b>	<u>20,565</u>	<u>20,180</u>
<b>Other Grants</b>		
Balance as at 1 April	633	577
Additions in year	135	229
Released in the year	(226)	(169)
Amortisation in year	(4)	(4)
<b>Balance as at 31 March</b>	<u>538</u>	<u>633</u>
<b>Total</b>	<u><u>21,103</u></u>	<u><u>20,813</u></u>
<b>Deferred income – analysed by age</b>		
Released in less than one year (note 17)	330	424
Released in more than one year	20,773	20,389
<b>Balance as at 31 March</b>	<u><u>21,103</u></u>	<u><u>20,813</u></u>

Grant is amortised over the life of the asset, once the development is complete. The amount expected to be released to income in 2024/25 is £210k.

**20. Share capital – Association only**

	<b>2024</b>	<b>2023</b>
	No.	No.
Shares of £1 each at 1 April	83	116
Shares of £1 issued during the year	9	-
Cancellation of shares	(4)	(32)
<b>Balance as at 31 March</b>	<u><u>88</u></u>	<u><u>83</u></u>

Shares in the Association carry no rights to a dividend or other distributions and are not repayable.



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**21. Statement of cash flows**

	<b>Group</b>		<b>Association</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Reconciliation of operating surplus to net cash flow from operating activities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating surplus	2,827	2,059	1,894	1,660
Depreciation	3,246	3,079	2,726	2,559
Amortisation of capital grants	(213)	(188)	(213)	(188)
Impairment of housing assets	-	126	-	126
Decrease in stock	-	8	-	8
(Increase) in debtors	(915)	(121)	(451)	(157)
(Decrease)/increase in creditors	414	(585)	231	(625)
Pension deficit payments net of non-cash items	-	(160)	(11)	(160)
Release of loan arrangement fees	12	12	12	12
Share capital cancelled	-	-	-	-
	<u>5,373</u>	<u>4,230</u>	<u>4,188</u>	<u>3,235</u>

**22. Housing Stock – Group and Association**

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
The number of units of accommodation in management at the year-end was:		
General needs – new builds	1,887	1,866
General needs – not owned by BHA	6	6
Shared ownership	2	2
Supported Housing	83	83
<b>Balance as at 31 March</b>	<u>1,978</u>	<u>1,957</u>
The number of units of accommodation managed by others at the year-end was:		
General needs – mid-market rent	<u>12</u>	<u>12</u>
<b>Balance as at 31 March</b>	<u>12</u>	<u>12</u>

The mid-market rent units are managed by BHA Enterprise Ltd on behalf of BHA.

## BERWICKSHIRE HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS (continued)

#### For the year ended 31 March 2024

#### 23. (a) Commitments under Operating Leases

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

	Group		Association	
	2024 £000	2023 £000	2024 £000	2023 £000
Not later than one year	125	121	8	4
Later than one year and not later than five years	488	478	20	10
Later than five years	1,787	1,787	-	-

#### 23. (b) Capital commitments

	Group		Association	
	2024 £000	2023 £000	2024 £000	2023 £000
<b>As at 31 March 2024</b>				
Expenditure authorised by the Board and contracted, less certified	-	1,259	-	1,259

Capital commitments will be met from available loan facilities and cash reserves.

#### 24. Related Parties

Members of the Board of Management are related parties of the Association as defined by Financial Reporting Standard 102.

The related party relationships of the members of the Board of Management are that during the year one member was a tenant of the Association for the full year.

Board members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms, and they cannot use their positions to their advantage.

Board of Management Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Board of Management Member has a connection is made at arm's length and is under normal commercial terms.

Transactions with Board of Management members were as follows; £3.1k (2023: £5.9k) was received as rent during the year. There were no rent arrears at year end.

#### **BHA Enterprise Ltd**

During the year the following members of the Board of Management of Berwickshire Housing Association have also been Directors of BHA Enterprise Ltd: John Campbell.

Berwickshire Housing Association levied fees for the following amounts to BHA Enterprise Ltd during the period 1 April 2023 to 31 March 2024.

£8.4k staff costs for shared services (2023: £8.4k)

£1.0k for a share of facilities management costs (2023: £1.0k)

£64.3k for the rental of residential properties let by BHA Enterprise as mid-market rental properties (2023: £61.2k)

The balance outstanding due from BHA Enterprise Ltd as at 31 March 2024 to Berwickshire Housing Association Limited was £Nil (2023: £Nil).

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

### **NOTES to the FINANCIAL STATEMENTS (continued)**

#### **For the year ended 31 March 2024**

#### **24. Related Parties (continued)**

##### **Berwickshire Community Renewables LLP**

BHA Enterprise Ltd has a 2/3 ownership of Berwickshire Community Renewables LLP, which is therefore controlled by Berwickshire Housing Association Limited as BHA Enterprise Ltd is a wholly owned subsidiary of Berwickshire Housing Association Limited.

Berwickshire Housing Association Limited charged Berwickshire Community Renewables LLP £14.3k (2023: £12.6k) for staff time provided on the operation of the windfarm. The balance outstanding from Berwickshire Community Renewables LLP to Berwickshire Housing Association as at 31 March 2024 was £104.6k (2023: £104.6k).

BHA Enterprise Ltd has contributed £100.0k as its membership contribution of this limited liability partnership. BHA Enterprise's share (and therefore the Group's share) of Berwickshire Community Renewables LLP revenue reserves to date is £199k (2023: £293.3k).

#### **25. Details of Association**

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland. The Association's principal place of business is 55 Newtown Street, Duns, Berwickshire.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Berwickshire and a small number of properties in Berwick-upon-Tweed.

#### **26. Retirement benefit obligations**

Berwickshire Housing Association Limited participates in the Scottish Housing Association Pension Scheme ('SHAPS', the Scheme) which offers defined benefit and defined contribution options. The defined benefit scheme is a multi-employer scheme. The Scheme is funded and is contracted out of the state scheme.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A recovery plan was put in place to eliminate the deficit which ran to 30 September 2022.

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2024****26. Retirement benefit obligations (continued)**

The disclosures below explain how the net pension liability for 2024 (2023: liability) is arrived at and the impact on the results for the year.

<b>Principal Actuarial Assumptions</b>	<b>2024</b>	<b>2023</b>
Discount rate	4.90%	4.87%
Salary increases	3.78%	3.75%
Inflation (CPI)	2.78%	2.75%
Inflation (RPI)	3.15%	3.19%
Male life expectancy at age 65	21.4 years	21.7 years
Female life expectancy at age 65	24.1 years	24.4 years
<b>Amounts recognised in Statement of Financial Position</b>	<b>2024</b>	<b>2023</b>
	£000	£000
Fair Value of Scheme Assets	7,008	7,429
Present value of benefit obligations	7,932	7,763
<b>Net pension (liability)/asset</b>	<b>(924)</b>	<b>(334)</b>

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**26. Retirement benefit obligations (continued)**

<b>Changes in defined benefit obligation</b>	<b>2024</b>	<b>2023</b>
	£000	£000
Opening defined benefit obligation	7,836	11,270
Employer service cost	-	-
Interest expense	376	310
Employee contributions	-	-
Actuarial (gains)	(15)	(3,444)
Benefits paid	(265)	(373)
<b>Closing defined benefit obligation</b>	<b>7,932</b>	<b>7,763</b>

<b>Changes in fair value of scheme assets</b>	<b>2024</b>	<b>2023</b>
	£000	£000
Opening fair value of scheme assets	7,477	11,357
Actual return on scheme assets less interest income	(574)	(4,030)
Interest income	359	315
Employer contributions – past service contributions	11	170
Benefits paid	(265)	(373)
Administration costs	-	(10)
<b>Closing fair value of scheme assets</b>	<b>7,008</b>	<b>7,429</b>

<b>Amounts recognised in in Statement of Comprehensive Income</b>	<b>2024</b>	<b>2023</b>
	£000	£000
Administration costs	11	10
Net interest on net defined benefit obligation	17	-
<b>Total pension cost recognised in Statement of Comprehensive Income</b>	<b>28</b>	<b>10</b>

<b>Amounts recognised in Other Comprehensive Income</b>	<b>2024</b>	<b>2023</b>
	£000	£000
Actual return on plan assets less interest income on plan assets	26	(4,025)
Actuarial gains	(574)	3,532
<b>Re-measurement (losses)/gains recognised in other comprehensive income</b>	<b>(548)</b>	<b>(493)</b>

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2023, the Scheme Trustee issued an update to employers which included an estimate of the potential additional liabilities at the full scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact on an individual employer basis with any accuracy. As a result of this, no provision will be made for the potential additional liabilities within the financial statements or the related accounting disclosures included in this note.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2024**

**27. Contingent liabilities**

	<b>2024</b>	<b>2023</b>
	£000	£000
Social Housing Grant	100	100

Social Housing grant is repayable in certain circumstances primarily following the sale of the related asset. The above amounts have been eliminated from the balance sheet but remain potentially repayable.

**Contractual Dispute**

The Association notes an ongoing contractual dispute but does not consider that an obligation exists at the end of the reporting period.

**Claims against the Association**

There is one on going claims against the Association. Due to the stage of this claim, it is not possible to say with certainty whether any obligation will arise as a result of the claim or to quantify how much any obligation may be.