



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED  
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

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 2025**

**CONTENTS**

**Page**

Board of Management, Executives and Advisers	1
Group Operating Review	2 - 10
Independent Auditor's Report	11 - 13
Independent Auditors' Report on Corporate Governance Matters	14
Consolidated Statement of Comprehensive Income	15
Association Statement of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Association Statement of Financial Position	18
Consolidated Statement of Cash Flows	19
Association Statement of Cash Flows	20
Consolidated Statement of Changes in Reserves	21
Association Statement of Changes in Reserves	21
Notes to Group Financial Statements	22 - 44

# **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2025**

### **BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS**

#### **Board of Management**

Hugh Carr	Chair
Vivienne Cockburn	Vice-Chair (Resigned 26-Nov-24)
John Campbell	
Jim McDevitt	
Brian Devlin	(Resigned 26-Jun-24)
Karen Featherstone	
Paul Matthews	(Resigned 26-Nov-24)
Carolyn Wood	
Jordan Manning	
Claire McMillan	
John Urwin	
Anneka Gill	
Andrea Beavon	(Appointed 13-Aug-24)
Callum Boag	(Appointed 05-Sep-24)
Clair Elliott	(Appointed 05-Sep-24)
Tony Fullerton	(Appointed 26-Mar-25)

#### **Executive Officers**

Michelle Meldrum	Chief Executive
Daniel Blake	Executive Director Customer Experience (Resigned 01-Nov-24)
Richard Hukin	Executive Director Business Support
Evie Copland	Director of Customer & Communities (Interim) (Appointed 01-Nov-24)
Joanna Voisey	Director of Assets & Sustainability (Interim) (Appointed 01-Nov-24)

#### **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**

CT Audit Limited  
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 2025**

#### GROUP OPERATING REVIEW

The directors present their annual report and audited group financial statements for the year ended 31 March 2025.

#### 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

At BHA, we believe everyone has the right to a high quality, safe and affordable home. This is set out in our vision: ‘To Realise The Power of Home’ as acknowledgement of the role home plays as a foundation for people to develop and flourish in all aspects of their life.

**Our strategic aims** distil this vision and 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.

But we believe it is our **values** that make the real difference in how we deliver our services for our customers in Berwickshire. Our BHA values are:

- **Brilliant Basics** – Doing what we say we’ll do, communicating well, taking a person-centred approach in all our dealings with customers and colleagues, taking ownership and accountability.
- **Embrace Change** – Actively supporting and embedding change, being flexible and adaptable, and a commitment to continuously improve and actively seek best practice.
- **Learn & Grow** – A willingness to participate and learn, support the learning and wellbeing of others, providing learning and development opportunities.
- **Inspire Together** – Collaborate internally and externally, being approachable, helpful, and kind, being non-judgemental, displaying emotional intelligence.

In the year to 31 March the Association recorded a surplus of £303k, compared with the deficit of £172k for the previous year. This movement was due to reductions in operating margins, as our operational costs continued to increase, in addition the re-measurement off our pensions deficit has positively impacted on our year end position. The net cash inflow from operating activities was £5,111k (2024: £4,188k). 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.

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

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

#### **For the year ended 31 March 2025**

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

##### **Operating Review 2024/25**

This year saw us focus on Brilliant Basics as the cornerstone of all we do including significant work on our policies and procedures to ensure colleagues are equipped with what they need to carry out their role in communities to meet the needs of our customers.

Our Neighbourhood Managers continue to deliver patch-based housing management services building relationships with customers with proactive home visits. The team successfully relet 153 homes in the last 12 months, rent collection was above target at 99.31% with total end of year arrears (current and former tenants) at 4.79% (£505,911).

Our Tenancy Sustainability team provided support to 197 households during the year, realising more than £650,000 worth of benefit gains for our customers. We continue to provide our BeWell tenancy support service in partnership with Penumbra and have successfully secured the funding to maintain this service for another year.

BeFriend continues to grow from strength to strength with more than 100 people over 65 using the service across Berwickshire and Kelso.

Our approach for energy assistance via the Borders Housing Network (BHN) has provided support to our customers through pre-payment fuel vouchers, supermarket vouchers, energy debt assistance and more practical assistance for metering and billing issues through the Warm and Well advice service. The service has been extended to provide another part time post to assist social housing customers across the Scottish Borders.

We have continued to develop our approach to scrutiny with our customer panel supported by Tenants Information Service (TIS). The group have reviewed BHA's repairs and allocations processes during the year and provided a set of customer-led recommendations for each. This included resetting targets for our repairs service for the new contract arrangements which have seen the levels of repairs being completed right first time increase from 73.5% to 87.24% this year.

BHA appointed a new stock condition consultant to support our drive to improve the data we hold about our homes. This will see us move from a one off survey every 3-5 years to a rolling programme of in-house stock condition surveying. This data will support one of our aims to publish in advance a 5-yearly programme of works to enable our customers to plan for.

We know that there is more to do – we reported a decrease in the number of our homes meeting the Scottish Housing Quality Standard (SHQS) but we also saw a 6% increase in the satisfaction with the quality of our homes by customers. Meeting the SHQS will be a key feature in our 2025/26 capital programme, we are also assured that the work that we did in 2024/25 was in line with our customers aspirations.

We continued our planning for net zero/decarbonisation in 2024/25 and prioritised our work for the benefit of customers while awaiting the outcome of the recent Scottish Government consultation. We have been working in partnership with the other local housing associations, Changeworks and South of Scotland Enterprise (SoSE) for potential Borderlands funding to launch a collaborative approach to building an area-wide programme of net zero works and currently await the outcome of that.

The need for new homes has increased and Scottish Borders Council declared a regional housing emergency during the year. BHA's Board began work on how we best utilise the existing landbank and how to prioritise the land available to us. The coming year will see this planning exercise move into early preparation for development.

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

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

#### **For the year ended 31 March 2025**

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

##### **Future Developments**

A refreshed Asset Management Strategy has been developed and approved in May 2025. The strategy includes information on the future approach to stock condition data, how we will improve the quality of existing homes, the next phase of our journey towards net zero and how we best utilise our land bank to increase housing supply. The next phase of BHA's new build plan will result in c.180 new homes across Berwickshire. The plan will be approved in August 2025 including site prioritisation.

BHA are due to refinance in 2026 and therefore the re-financing process is underway supported by external advisors. In terms of the timeline, we hope to have selected the preferred lender/s by the end of July 2025 with the facility being signed no later than end December 2025.

Supported by an external trainer, all BHA colleagues will receive refresher customer service training during 2025 as we continue to strive deliver an outstanding customer experience at every touchpoint. We will continue to supporting the customer scrutiny group on their next phase of reviews.

We will further strengthen our approach to business improvement by introducing a new framework with a focus on value for money and more effective and efficient ways of working.

We will continue to invest in the personal development of colleagues and offer a wide and diverse range of opportunities for people to learn and grow. This includes implementing the next phase of our leadership development programme, supporting one colleague each year to participate on the GEM programme and offering tailored development programmes for all of our people.

Finally, during 2025 we will celebrate BHA's 30<sup>th</sup> anniversary and plan to use this milestone to engage with customers, colleagues and other stakeholders to reflect on the past and plan for the future.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****ANNUAL REPORT and GROUP FINANCIAL STATEMENTS****For the year ended 31 March 2025****REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS: BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)****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 2025**

**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'. This year saw the 12 mid-market rent homes in Duns transferred back to BHA General Needs housing stock. Enterprise made a small operating loss of £14k (2024: £29k) 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 £266k (2024: £288k). Enterprise gift aided 490k (2024: £317k) to BHA during the year.



## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

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

**For the year ended 31 March 2025**

#### **FINANCIAL REVIEW**

##### **Income**

The Association's turnover for the year ended 31 March 2025 totalled £11,953k (2024: £11,377k). Rental and service charge income (net of void losses) accounted for 89% or £10,537k of this with the remainder including:

- £210k of Housing Association Grant released from deferred income.
- £90k grant received for adaptations.
- £46k grant received for Net Zero Heating
- £128k received for wider role activities including; £69k Lottery funding for Befriending services, £20k funding for our BeWell services, £12k Fuel Poverty Fund, £27k for Warmworks.
- £26k received for recharges to subsidiaries for support services provided by BHA.
- £40k for commercial rents.
- £278k of renewable income from installed solar PV panels and Renewable Heat Incentive from eligible heating systems installed in our homes.
- £490k of gift aid income from BHA Enterprise, being profit distributions from the wind farm.

The consolidated turnover for the group is £14,071k (2024: £13,458k).

##### **Expenses**

Total revenue expenditure in the year for the Association was £10,898k (2024: £9,484k), comprising the following main items:

- Letting activity management and maintenance administration costs £3,679k (2024: £3,228k)
- Depreciation of social housing properties £2,661k (2024: £2,640k)
- Impairment of divested stock £213k (2024: £0)
- Reactive maintenance to social housing stock £2,351k (2024: £1,611k)
- Planned and cyclical maintenance of social housing stock £1,381k (2024: £1,322k)
- Wider role activities of £267k (2024: £375k)
- £1k on Development activities (2024: £14k).

The operating surplus generated by the Association in the year was £1,055k against an operating surplus of £1,893k for 2024. After net interest charges of £1,135k (2024: £1,167k) and loss on the sale and disposal of certain housing stock, the deficit for the year was £80k (2024: surplus £726k). A pension scheme re-measurement credit of £383k (2024: £898k debit) takes total comprehensive income to a surplus for the year to £303k. The Group had a net surplus for the year of £465k (2024: £180k).

The Association had a net asset position at the year-end of £41,690k compared with a net asset position of £41,404k for 2024. The consolidated net asset position was £43,158k (2024: £42,620k).

##### **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 decreased by £383k 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 20. BHA generated £5,111k (2024: £4,188k) from operating activities. Cash and cash equivalents increased by £1,616k (2024: £229k decrease) including the continued investment in our existing properties with this expenditure covered by a mixture of grants and private finance.

##### **Liquidity**

The Association has a current cash position of £2,598k as at 31 March 2025, an increase of £1,616k 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 2025, 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 2025**

#### **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 £18,559k 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 £61k 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 2025**

#### **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 2025. 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 2025**

**Donations**

During the year the Association made charitable donations amounting to £Nil (2024: £Nil)

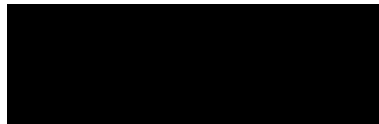
**Auditor**

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

**Board**

This year we saw three valued Board members step down from the Board; Brian Devlin, Viv Cockburn and Paul Matthews. We were, however, delighted to welcome four highly experienced new Board members throughout the year. In August 2024; Andrea Beavon, in November 2024; Clair Elliott and Callum Boag, in March 2025; Tony Fullerton. 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**



Hugh Carr  
Chair  
55 Newtown Street  
Duns, TD11 3AU

Date: 27 August 2025

**INDEPENDENT AUDITOR'S REPORT to the MEMBERS OF****BERWICKSHIRE HOUSING ASSOCIATION LIMITED****Opinion**

We have audited the Group financial statements of Berwickshire Housing Association Limited (the 'Association') for the year ended 31 March 2025 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 2025 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.

## **INDEPENDENT AUDITOR'S REPORT to the MEMBERS OF**

### **BERWICKSHIRE HOUSING ASSOCIATION LIMITED (continued)**

#### **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 pages 8 to 9, 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;

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

- 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
- 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.

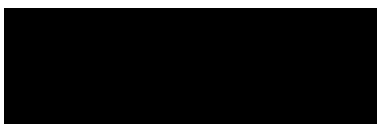
As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2024, the Co-operative and 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 Audit Limited  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh EH3 6NL

Date: 04 September 2025

## **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 9 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.

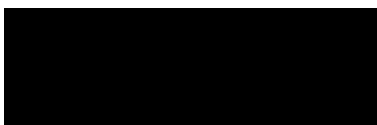
### **Basis of Opinion**

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 9 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 Audit Limited  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh EH3 6NL

Date: 04 September 2025



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****CONSOLIDATED STATEMENT of COMPREHENSIVE INCOME****For the year ended 31 March 2025**

	Notes	2025 £000	2024 £000
<b>Revenue</b>	2	14,071	13,458
Operating costs	2	(12,083)	(10,631)
<b>Operating Surplus</b>	2	1,988	2,827
Minority member's share of (gain)/loss in LLP		(88)	(111)
(Loss) on sale of housing stock	7	(65)	(58)
Interest receivable and similar income		37	26
Interest payable and similar charges	8	(1,542)	(1,606)
<b>Surplus before tax</b>		330	1,078
Taxation	10	-	-
<b>Surplus for year</b>		330	1,078
<b>Other comprehensive income</b>			
Re-measurement of pension deficit	11	135	(898)
<b>Total comprehensive income</b>		465	180

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 27 August 2025..... and signed on their behalf.



Hugh Carr  
Chair



Karen Featherstone  
Risk and Assurance Committee Chair



Richard Hukin  
Secretary

The notes on pages 22 to 44 form part of these financial statements.

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

	Notes	2025 £000	2024 £000
<b>Revenue</b>	2	11,953	11,377
Operating costs	2	(10,898)	(9,483)
<b>Operating Surplus</b>	2	1,055	1,893
(Loss) on sale of housing stock	7	(65)	(58)
Interest receivable and similar income		32	23
Interest payable and similar charges	8	(1,102)	(1,132)
<b>Surplus/(Deficit) for year</b>		(80)	726
<b>Other comprehensive income</b>			
Re-measurement of pension deficit		383	(898)
<b>Total comprehensive income/(deficit)</b>		303	(172)

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 27 August 2025..... and signed on their behalf.



Hugh Carr  
Chair



Karen Featherstone  
Risk and Assurance Committee Chair



Richard Hukin  
Secretary

The notes on pages 22 to 44 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****CONSOLIDATED STATEMENT of FINANCIAL POSITION****As at 31 March 2025**

	<b>Notes</b>	<b>2025 £000</b>	<b>2024 £000</b>
<b>Tangible fixed assets</b>			
Housing properties	12	91,809	92,956
Other tangible fixed assets	13	9,021	9,530
		<u>100,830</u>	<u>102,486</u>
 Investments	14	-	-
<b>Current assets</b>			
Stock	15	-	-
Debtors	16	775	2,070
Cash at bank and in hand		3,042	1,476
		<u>3,817</u>	<u>3,546</u>
 <b>Creditors:</b> amounts falling due within one year	17	<u>(3,366)</u>	<u>(4,019)</u>
<b>Net current assets/(liabilities)</b>		451	(473)
 <b>Total assets less current liabilities</b>		101,281	102,013
<b>Creditors:</b> amounts falling due after more than one year	18	(36,096)	(36,910)
<b>Deferred income</b>	19	(21,178)	(21,251)
<b>Pension deficit</b>	26	(849)	(1,232)
<b>Net assets</b>		<u>43,158</u>	<u>42,620</u>
 <b>Capital and reserves</b>			
Share capital	20	-	-
Minority interest		397	309
Revenue reserves		19,630	19,165
Revaluation reserve		23,070	23,070
Designated reserve		61	76
<b>Total reserves</b>		<u>43,158</u>	<u>42,620</u>

The financial statements were approved and authorised for issue by the Board of Management on 27 August 2025..... and signed on their behalf.



Hugh Carr  
Chair



Karen Featherstone  
Risk and Assurance Committee Chair



Richard Hukin  
Secretary

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

The notes on pages 22 to 44 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

**ASSOCIATION STATEMENT of FINANCIAL POSITION**

**As at 31 March 2025**

	<b>Notes</b>	<b>2025 £000</b>	<b>2024 £000</b>
<b>Tangible fixed assets</b>			
Housing properties	12	91,809	92,956
Other tangible fixed assets	13	178	167
		<u>91,987</u>	<u>92,123</u>
 Investments	 14	 -	 -
<b>Current assets</b>			
Stock	15	-	-
Debtors	16	155	1,219
Cash at bank and in hand		2,598	982
		<u>2,753</u>	<u>2,201</u>
 <b>Creditors: amounts falling due within one year</b>	 17	 (3,122)	 (2,850)
 <b>Net current (liabilities)</b>		 (369)	 (649)
 <b>Total assets less current liabilities</b>		 91,618	 92,474
<b>Creditors: amounts falling due after more than one year</b>	18	(27,901)	(28,587)
<b>Deferred income</b>	19	(21,178)	(21,251)
<b>Pension deficit</b>	26	(849)	(1,232)
 <b>Net assets</b>		 <u>41,690</u>	 <u>41,404</u>
 <b>Capital and reserves</b>			
Share capital	20	-	-
Revenue reserves		18,559	18,256
Revaluation reserve		23,070	23,070
Designated reserve		61	78
 <b>Total reserves</b>		 <u>41,690</u>	 <u>41,404</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 27 August 2025.....



Hugh Carr  
Chair



Karen Featherstone  
Risk and Assurance Committee Chair



Richard Hukin  
Secretary

The notes on pages 22 to 44 form part of these financial statements.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****CONSOLIDATED STATEMENT of CASH FLOWS****For the year ended 31 March 2025**

	<b>Notes</b>	<b>2025 £000</b>	<b>2024 £000</b>
<b>Net cash generated by operating activities</b>	21	6,368	5,373
<b>Investing activities</b>			
Acquisition and construction of properties		(1,792)	(4,244)
Purchase of other fixed assets		(72)	(44)
Proceeds from the sale of fixed assets		-	852
Social housing grant received		-	679
<b>Net cash outflow from investing activities</b>		(1,864)	(2,757)
<b>Financing activities</b>			
Interest received on cash and cash equivalents		38	27
Interest paid on loans		(1,432)	(1,503)
Loan principal repayments (including revolving credit)		(1,544)	(1,464)
Loan drawdown		-	-
Profit distribution to minority interest		-	-)
Share capital issued		-	-
<b>Net cash outflow from financing</b>		(2,938)	(2,940)
<b>Increase/(Decrease) in cash and cash equivalents</b>		1,566	(325)
Opening cash and cash equivalents		1,476	1801
<b>Closing cash and cash equivalents</b>		3,042	1,476
<b>Cash and cash equivalents</b>			
Current asset investment		-	-
Cash at bank and in hand		3,042	1,476
		3,042	1,476

**CONSOLIDATED ANALYSIS OF CHANGES IN NET DEBT****For the year ended 31 March 2025**

	<b>2024 £000</b>	<b>Cash Flows £000</b>	<b>Non-Cash Finance Leases £000</b>	<b>Changes Other Changes £000</b>	<b>2025 £000</b>
Long-term borrowings	36,910	(1,544)	-	(58)	35,308
Short-term borrowings	1,440	162	-	-	1,602
Total liabilities	38,350	(1,382)	-	(58)	36,910
Cash and cash equivalents	(1,476)	(1,566)	-	-	(3,042)
Total net debt	38,350	(2,948)	-	(58)	33,868

The notes on pages 22 to 44 form part of these financial statements

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****ASSOCIATION STATEMENT of CASH FLOWS****For the year ended 31 March 2025**

	<b>Notes</b>	<b>2025 £000</b>	<b>2024 £000</b>
<b>Net cash generated by operating activities</b>	21	5,111	4,188
<b>Investing activities</b>			
Acquisition and construction of properties		(1,792)	(4,244)
Purchase of other fixed assets		(72)	(45)
Proceeds from the disposal of fixed assets		-	852
Social housing grant received		-	679
<b>Net cash outflow from investing activities</b>		(1,864)	(2758)
<b>Financing activities</b>			
Interest received on cash and cash equivalents		32	23
Interest paid on loans		(988)	(1,029)
Loan principal repayments (including revolving credit)		(675)	(653)
Loan drawdown		-	-
Share capital issued		-	-
<b>Net cash outflow from financing</b>		(1,631)	(1,659)
<b>Decrease in cash and cash equivalents</b>		1,616	(229)
Opening cash and cash equivalents		982	1,211
<b>Closing cash and cash equivalents</b>		2,598	982
<b>Cash and cash equivalents</b>			
Current asset investment		-	-
Cash at bank and in hand		2,598	982
		2,598	982

**ASSOCIATION ANALYSIS OF CHANGES IN NET DEBT****For the year ended 31 March 2025**

	<b>2024 £000</b>	<b>Cash Flows £000</b>	<b>Non-Cash Finance Leases £000</b>	<b>Changes Other Changes £000</b>	<b>2025 £000</b>
Long-term borrowings	28,587	(675)	-	(11)	27,901
Short-term borrowings	795	18	-	-	813
Total liabilities	29,382	(657)	-	(11)	28,714
Cash and cash equivalents	(982)	(1,616)	-	-	(2,598)
Total net debt	28,400	(2,273)	-	(11)	26,116

The notes on pages 22 to 44 form part of these financial statements.

# BERWICKSHIRE HOUSING ASSOCIATION LIMITED

## CONSOLIDATED STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2025

	Share Capital £000	Revenue Reserves £000	Revaluation Reserve £000	Minority Interest £000	Designated Reserve £000	Total £000
Balance as at 1 April 2024	-	19,165	23,070	309	76	42,620
Issue of shares	-	-	-	-	-	-
Transfer of reserves	-	-	-	-	(15)	(15)
Minority interest for the year	-	-	-	88	-	88
Surplus for the year	-	465	-	-	-	465
<b>Balance as at 31 March 2025</b>	<b>-</b>	<b>19,630</b>	<b>23,070</b>	<b>397</b>	<b>61</b>	<b>43,158</b>

## ASSOCIATION STATEMENT of CHANGES in RESERVES

For the year ended 31 March 2025

	Share Capital £000	Revenue Reserves £000	Revaluation Reserve £000	Designated Reserve £000	Total £000
Balance as at 1 April 2024	-	18,256	23,070	78	41,404
Issue of shares	-	-	-	-	-
Transfer of reserves	-	-	-	(17)	(17)
Surplus for the year	-	303	-	-	303
<b>Balance as at 31 March 2025</b>	<b>-</b>	<b>18,559</b>	<b>23,070</b>	<b>61</b>	<b>41,690</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 22 to 44 form part of these financial statements



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS****For the year ended 31 March 2025****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 2025****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.

<b>Component</b>	<b>Useful Economic Life</b>	<b>Component</b>	<b>Useful Economic Life</b>	<b>Component</b>	<b>Useful Economic Life</b>
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 2025****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 2025****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 2025****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 2025****2. (a) Consolidated particulars of revenue, operating costs and operating surplus**

	Notes	Revenue £000	Operating Costs £000	2025 Operating Surplus £000	Revenue £000	Operating Costs £000	2024 Operating Surplus £000
Affordable lettings activities	3(a)	10,946	10,634	312	10,343	9,135	1,208
Other activities	4(a)	3,125	1,449	1,676	3,115	1,496	1,619
<b>Total</b>		<b>14,071</b>	<b>12,083</b>	<b>1,988</b>	<b>13,458</b>	<b>10,631</b>	<b>2,827</b>

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

	Notes	Revenue £000	Operating Costs £000	2025 Operating Surplus £000	Revenue £000	Operating Costs £000	2024 Operating Surplus £000
Affordable lettings activities	3(b)	10,946	10,629	317	10,339	9,109	1,231
Other activities	4(b)	1,007	269	738	1,038	375	663
<b>Total</b>		<b>11,953</b>	<b>10,898</b>	<b>1,055</b>	<b>11,377</b>	<b>9,484</b>	<b>1,894</b>

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****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>2025 Total £000</b>	<b>2024 Total £000</b>
<b>Revenue from lettings</b>						
Rent receivable net of service charges	9,911	368	7	263	10,549	9,923
Service charges	14	255	-	-	269	264
<b>Gross income from rents and service charges</b>	9,925	623	7	263	10,818	10,187
Less: voids	(117)	(12)	-	(117)	(245)	(223)
<b>Net income from rents and service charges</b>	9,808	611	7	146	10,573	9,964
Grants released from deferred income	210	-	-	-	210	210
Revenue grants from Scottish Ministers	90	-	-	-	90	96
Other revenue grants	73	-	-	-	73	73
<b>Total revenue from affordable letting activities</b>	10,181	611	7	146	10,946	10,343
<b>Expenditure on affordable letting activities</b>						
Service costs	166	118	-	-	284	259
Management and maintenance administration costs	3,275	242	-	165	3,682	3,22
Reactive maintenance	2,225	122	-	5	2,352	1,624
Bad debts – rents and service charges	61	-	-	-	61	47
Planned and cyclical maintenance inc. major repairs	1,327	54	-	-	1,381	1,322
Depreciation of social housing	2,579	82	-	-	2,661	2,640
Impairment of housing	213	-	-	-	213	
<b>Operating costs for affordable letting activities</b>	9,846	618	-	170	10,634	9,135
<b>Operating surplus for affordable letting activities</b>	335	(7)	7	(23)	312	1,208
<b>2024</b>	1,194	6	6	2	1208	

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****3. (b) Particulars of income and expenditure from affordable lettings – Association**

	<b>General needs housing £000</b>	<b>Supported housing £000</b>	<b>Shared ownership £000</b>	<b>Garages £000</b>	<b>2025 Total £000</b>	<b>2024 Total £000</b>
<b>Revenue from lettings</b>						
Rent receivable net of service charges	9,911	368	7	263	10,549	9,919
Service charges	14	255	-	-	269	264
<b>Gross income from rents and service charges</b>	<b>9,925</b>	<b>623</b>	<b>7</b>	<b>263</b>	<b>10,818</b>	<b>10,183</b>
Less: voids	(117)	(12)	-	(117)	(245)	(222)
<b>Net income from rents and service charges</b>	<b>9,808</b>	<b>611</b>	<b>7</b>	<b>146</b>	<b>10,573</b>	<b>9,961</b>
Grants released from deferred income	210	-	-	-	210	210
Revenue grants from Scottish Ministers	90	-	-	-	90	96
Other revenue grants	73	-	-	-	73	73
<b>Total turnover from affordable letting activities</b>	<b>10,181</b>	<b>611</b>	<b>7</b>	<b>146</b>	<b>10,946</b>	<b>10,339</b>
<b>Expenditure on affordable letting activities</b>						
Service costs	166	118	-	-	284	259
Management and maintenance administration costs	3,272	242	-	164	3,678	3,228
Reactive maintenance	2,223	122	-	5	2,350	1,611
Bad debts – rents and service charges	61	-	-	-	61	48
Planned and cyclical maintenance inc. major repairs	1,327	54	-	-	1,381	1,322
Depreciation of social housing	2,580	82	-	-	2,662	2,640
Impairment of housing	213	-	-	-	213	0
<b>Operating costs for affordable letting activities</b>	<b>9,842</b>	<b>618</b>	<b>-</b>	<b>169</b>	<b>10,629</b>	<b>9,109</b>
<b>Operating surplus for affordable letting activities</b>	<b>340</b>	<b>(7)</b>	<b>7</b>	<b>(23)</b>	<b>317</b>	<b>1,231</b>
<b>2024</b>	<b>1,217</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>1,231</b>	



# BERWICKSHIRE HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2025

### 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) 2025 £000	Operating surplus/ (deficit) 2024 £000
						Bad debts £000	Other £000		
Wider role activities	-	102	-	-	102	-	137	(35)	(44)
Factoring – agency services	-	-	-	-	-	-	-	-	3
Construction of property activities	-	-	-	-	-	-	1	(1)	(8)
Sale of land and houses (non-RTB)	-	-	-	-	-	-	-	-	3
Other activities									
<i>Electricity generation</i>	-	-	-	2,609	2,609	-	1,180	1,429	1,297
<i>Commercial rental</i>	-	-	-	40	40	-	45	(5)	31
<i>Renewable income</i>	-	-	-	278	278	-	-	278	254
<i>Other income/expenditure</i>	-	-	-	96	96	-	86	10	107
<i>Project management</i>	-	-	-	-	-	-	-	-	(24)
<b>Total from other activities</b>	-	102	-	3,023	3,125	-	1,449	1,676	1,619
<b>2024</b>	-	211	-	2,969	3,115	-	1,884	1,619	

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****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) 2025 £000	Operating surplus/ (deficit) 2024 £000
						Bad debts £000	Other £000		
Wider role activities	-	102	-	-	<b>102</b>	-	137	<b>(35)</b>	<b>(44)</b>
Factoring – agency services	-	-	-	-	-	-	-	-	<b>3</b>
Construction of property activities	-	-	-	-	-	-	1	<b>(1)</b>	<b>(8)</b>
Sale of land and houses (non-RTB)	-	-	-	-	-	-	-	-	<b>3</b>
Other activities									
<i>Commercial rental</i>	-	-	-	40	<b>40</b>	-	45	<b>(5)</b>	<b>30</b>
<i>Business support to sub companies</i>	-	-	-	25	<b>25</b>	-	25	-	-
<i>Gift aid from subsidiary company</i>	-	-	-	490	<b>490</b>	-	-	<b>490</b>	<b>317</b>
<i>Renewable income</i>	-	-	-	278	<b>278</b>	-	-	<b>278</b>	<b>254</b>
<i>Other income/expenditure</i>	-	-	-	72	<b>72</b>	-	61	<b>11</b>	<b>108</b>
<b>Total from other activities</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>905</b>	<b>1,007</b>	<b>-</b>	<b>269</b>	<b>738</b>	<b>663</b>
<b>2024</b>	<b>-</b>	<b>211</b>	<b>-</b>	<b>827</b>	<b>1,038</b>	<b>-</b>	<b>610</b>	<b>663</b>	

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****5. Officers emoluments – Group and Association**

	<b>2025</b>	<b>2024</b>
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		
Number of officers of the Association who received emoluments greater than £60,000	4	3
	£000	£000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	341	356
Pension contributions made on behalf on officers with emoluments greater than £60,000	27	29
Emoluments payable to Chief Executive (excluding pension contributions)	114	109
Pension contributions made on behalf of Chief Executive	10	9
Total emoluments payable to Chief Executive	<u>124</u>	<u>118</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	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1
£110,001 to £120,000	<u>1</u>	<u>-</u>

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

	<b>2025</b>	<b>2024</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>51</u>	<u>52</u>
	£000	£000
<b>Staff costs were</b>		
Salaries	1,839	1,717
Social security costs	183	178
Other pension costs	143	132
<b>Total</b>	<u><b>2,165</b></u>	<u><b>2,028</b></u>

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****7. (Loss) on sale of fixed assets – Group and Association**

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Sales proceeds	-	-
Cost of sales	(65)	(58)
<b>(Loss)/gain on sale of housing stock</b>	<b>(65)</b>	<b>(58)</b>

**8. Interest payable and similar charges**

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts	1,542	1,606	1,102	1,132
Net interest on net defined benefit pension obligations	-	-	-	-
	<b>1,542</b>	<b>1,606</b>	<b>1,102</b>	<b>1,132</b>

**9. Surplus for year**

The surplus for the year is stated after charging:

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Depreciation:				
Housing properties	2,661	2,640	2,661	2,640
Other fixed assets	581	637	62	86
Auditors' remuneration:				
Audit services – current year	25	30	22	19
Other services – current year	-	-	-	-
Audit services – prior year	-	-	-	-
Operating lease rentals:				
Land and buildings	193	149	-	-
Other	53	27	53	27

**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 2025**

<b>11. Pension deficit adjustment – Group</b>	<b>2025</b> £000	<b>2024</b> £000
Re-measurement of pension deficit (note 26)	135	(898)

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

	<b>Housing properties held for letting</b> £000	<b>Assets under con- struction</b> £000	<b>Land for develop- ment</b> £000	<b>Land for sale</b> £000	<b>Total</b> £000
<b>Cost</b>					
As at 1 April 2024	109,532	355	1,809	0	111,695
Additions	110	9	-	-	120
Capitalised improvements	1,672	-	-	-	1,672
Disposals	(173)	-	-	-	(173)
Impairment losses Transfers	(212)	-	-	-	(212)
<b>As at 31 March 2025</b>	<b>110,929</b>	<b>364</b>	<b>1,809</b>	<b>-</b>	<b>113,102</b>
<b>Depreciation</b>					
As at 1 April 2024	18,740	-	-	-	18,740
Charge for the year	2,661	-	-	-	2,661
Disposals	(108)	-	-	-	(108)
<b>As at 31 March 2025</b>	<b>21,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,293</b>
<b>Net book value</b>					
<b>As at 31 March 2025</b>	<b>89,635</b>	<b>364</b>	<b>1,809</b>	<b>-</b>	<b>91,809</b>
As at 31 March 2024	90,792	355	1,890	-	92,956

Additions to housing properties include capitalised major repair costs to existing properties of £1,672k (2024: £2,433k). Over the year, £3,733k (Group) and £3,732k (Association) was charged to responsive and planned and cyclical maintenance in the Statement of Comprehensive Income (2024: £2,946k – Group; £2,933k – 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 (2024: £27,115k).

**Impairment charges**

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

In the year there was an impairment charge of £212k (2024: Nil) made as a result of the decision by the Board to demolish a four block property in Coldingham. This was due to structural issues of the property that were un-economical to repair. This value also included the purchase of an owner-occupier flat within the block (£110k)

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****13. Other tangible fixed assets – Group and Association**

	<b>Heritable office property £000</b>	<b>Leasehold improvements £000</b>	<b>Equipment £000</b>	<b>Motor vehicles £000</b>	<b>Association Subtotal £000</b>	<b>Wind Farm &amp; Grid Upgrade £000</b>	<b>Group Total £000</b>
<b>Cost</b>							
As at 1 April 2024	660	229	919	25	1,832	12,852	14,684
Additions	-	32	40	-	72	-	72
Disposals	-	-	-	-	-	-	-
<b>As at 31 March 2025</b>	<b>660</b>	<b>261</b>	<b>959</b>	<b>25</b>	<b>1,904</b>	<b>12,852</b>	<b>14,758</b>
<b>Depreciation</b>							
As at 1 April 2024	660	156	839	10	1,665	3489	5,154
Charge for the year	-	18	39	5	62	519	581
Disposals	-	-	-	-	-	-	-
<b>As at 31 March 2025</b>	<b>660</b>	<b>174</b>	<b>878</b>	<b>15</b>	<b>1,727</b>	<b>4,008</b>	<b>5,735</b>
<b>Net book value</b>							
<b>As at 31 March 2025</b>	<b>-</b>	<b>87</b>	<b>81</b>	<b>10</b>	<b>178</b>	<b>8,844</b>	<b>9,021</b>
As at 31 March 2024	-	72	80	15	167	9,363	9,530

Borrowing costs capitalised during the year amount to £nil (2024: £nil) for the Group and £nil (2024: £nil) for the Association.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****14. Investments**

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</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>2025</b>	<b>2024</b>
	£000	£000
<b>BHA Enterprise Ltd (100%)</b>		
Aggregate capital and reserves	378	393
Profit/(loss) for the year	(14)	288
<b>Berwickshire Community Renewables LLP (2/3<sup>rd</sup>)</b>		
Aggregate capital and reserves	1,189	924
Profit/(loss) for the year	266	809

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

**15. Stock – Group and Association**

	<b>2025</b>	<b>2024</b>
	£000	£000
Consumables	-	-

**16. Debtors**

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£000	£000	£000	£000
Arrears of rent and service charge	124	448	124	442
Less: provision for doubtful rental debts	(305)	(175)	(305)	(175)
Net rent arrears	(181)	273	(181)	267
Other debtors	983	1,887	258	938
Less: Provision for doubtful other debts	-	(98)	-	(98)
	983	1,789	258	840
Trade debtors	(27)	7	(27)	6
Inter-entity debtors	-	-	105	105
	775	2,069	155	1,219

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 2025****17. Creditors:** amounts falling due within one year

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£000	£000	£000	£000
Housing Loans	813	795	813	795
Other bank loans and overdrafts	-	645	-	-
Trade payables	986	214	982	209
Rent in advance	-	213	(53)	213
Other taxation and social security	207	204	68	62
Other payables	(52)	-	-	-
Provision for holiday pay	21	12	21	12
Accruals and deferred income (Note 19)	1,391	1,936	1,291	1,559
	<u>3,366</u>	<u>4,019</u>	<u>3,122</u>	<u>2,850</u>

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

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£000	£000	£000	£000
Housing Loans	27,901	28,587	27,901	28,587
Project finance – bank and other loans	8,195	8,967	-	-
	<u>36,096</u>	<u>37,554</u>	<u>27,901</u>	<u>28,587</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>2025</b>	<b>2024</b>
	£000	£000
Repayable within one year	813	795
Repayable within two to five years	12,884	12,799
Repayable after five years	15,017	15,788
	<u>28,714</u>	<u>29,383</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>2025</b>	<b>2024</b>
	£000	£000
Repayable within one year	788	871
Repayable within two to five years	3,138	3,140
Repayable after five years	4,269	4,956
	<u>8,195</u>	<u>8,967</u>



**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****19. Deferred income - Group and Association**

	<b>2025</b>	<b>2024</b>
	£000	£000
<b>Social Housing Grants</b>		
Balance as at 1 April	20,564	20,180
Additions in year	-	594
Amortisation in year	(210)	(210)
<b>Balance as at 31 March</b>	<b>20,354</b>	<b>20,564</b>
<b>Other Grants</b>		
Balance as at 1 April	687	633
Additions in year	239	284
Released in the year	(102)	(226)
Amortisation in year	-	(4)
<b>Balance as at 31 March</b>	<b>824</b>	<b>687</b>
<b>Total</b>	<b>21,178</b>	<b>21,251</b>
<b>Deferred income – analysed by age</b>		
Released in less than one year (note 17)	200	330
Released in more than one year	20,978	20,921
<b>Balance as at 31 March</b>	<b>21,178</b>	<b>21,251</b>

Grant is amortised over the life of the asset, once the development is complete. The amount expected to be released to income in 2025/26 is £210k.

**20. Share capital – Association only**

	<b>2025</b>	<b>2024</b>
	No.	No.
Shares of £1 each at 1 April	88	83
Shares of £1 issued during the year	3	9
Cancellation of shares	(27)	(4)
<b>Balance as at 31 March</b>	<b>64</b>	<b>88</b>

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 2025****21. Statement of cash flows**

	<b>Group</b>		<b>Association</b>	
<b>Reconciliation of operating surplus to net cash flow from operating activities</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£000	£000	£000	£000
Operating surplus	1,988	2,827	1,055	1,894
Depreciation	3,244	3,246	2,723	2,726
Amortisation of capital grants	(210)	(213)	(210)	(213)
Impairment of housing assets	213	-	213	-
Decrease in stock	-	-	-	-
(Increase) in debtors	1,194	(915)	1063	(451)
(Decrease)/increase in creditors	(73)	414	254	231
Pension deficit payments net of non-cash items	-	-	-	(11)
Release of loan arrangement fees	12	12	13	12
Share capital cancelled	-	-	-	-
	<b>6,368</b>	<b>5,371</b>	<b>5,111</b>	<b>4,188</b>

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

	<b>2025</b>	<b>2024</b>
	No.	No.
The number of units of accommodation in management at the year-end was:		
General needs – new builds	1,887	1,887
General needs – not owned by BHA	6	6
Shared ownership	2	2
Supported Housing	83	83
<b>Balance as at 31 March</b>	<b>1,978</b>	<b>1,978</b>
The number of units of accommodation managed by others at the year-end was:		
General needs – mid-market rent	12	12
<b>Balance as at 31 March</b>	<b>12</b>	<b>12</b>

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 2025****23. (a) Commitments under Operating Leases**

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

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£000	£000	£000	£000
Not later than one year	204	125	69	8
Later than one year and not later than five years	439	488	95	20
Later than five years	1,642	1,787	-	-

**23. (b) Capital commitments**

	<b>Group</b>		<b>Association</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	£000	£000	£000	£000
<b>As at 31 March 2025</b>				
Expenditure authorised by the Board and contracted, less certified	-	-	-	-

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; £5.8k (2024: £3.1k) 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 2024 to 31 March 2025.

£8.2k staff costs for shared services (2024: £8.4k)

£1.0k for a share of facilities management costs (2024: £1.0k)

£17.5k for the rental of residential properties let by BHA Enterprise as mid-market rental properties (2024: £64.3k)

The balance outstanding due from BHA Enterprise Ltd as at 31 March 2025 to Berwickshire Housing Association Limited was £Nil (2024: £Nil).

## **BERWICKSHIRE HOUSING ASSOCIATION LIMITED**

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

#### **For the year ended 31 March 2025**

#### **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 £15.1k (2024: £14.3k) 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 2025 was £104.6k (2024: £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 £396.4k (2024: £199k).

#### **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 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

**BERWICKSHIRE HOUSING ASSOCIATION LIMITED****NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2025****26. Retirement benefit obligations (continued)**

The disclosures below explain how the net pension liability for 2025 (2024: liability) is arrived at and the impact on the results for the year.

<b>Principal Actuarial Assumptions</b>	<b>2025</b>	<b>2024</b>
Discount rate	5.82%	4.90%
Salary increases	3.79%	3.78%
Inflation (CPI)	2.79%	2.78%
Inflation (RPI)	3.10%	3.15%
Male life expectancy at age 65	21.5 years	21.4 years
Female life expectancy at age 65	22.7 years	24.1 years
<b>Amounts recognised in Statement of Financial Position</b>	<b>2025</b>	<b>2024</b>
	£000	£000
Fair Value of Scheme Assets	6,295	7,008
Present value of benefit obligations	7,144	7,932
<b>Net pension (liability)/asset</b>	<b>(849)</b>	<b>(924)</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>2025</b> £000	<b>2024</b> £000
Opening defined benefit obligation	7,932	7,836
Employer service cost	-	-
Expenses	12	-
Interest expense	380	376
Employee contributions	-	-
Actuarial losses / (gains) due to scheme experience	27	(15)
Actuarial losses / (gains) due to change in financial assumptions	(866)	
Benefits paid	(341)	(265)
<b>Closing defined benefit obligation</b>	<b>7,144</b>	<b>7,932</b>
<b>Changes in fair value of scheme assets</b>	<b>2025</b> £000	<b>2024</b> £000
Opening fair value of scheme assets	7,008	7,477
Actual return on scheme assets less interest income	(719)	(574)
Interest income	335	359
Employer contributions – past service contributions	12	11
Benefits paid	(341)	(265)
Administration costs	-	-
<b>Closing fair value of scheme assets</b>	<b>6,295</b>	<b>7,008</b>
<b>Amounts recognised in in Statement of Comprehensive Income</b>	<b>2025</b> £000	<b>2024</b> £000
Administration costs	12	11
Net interest on net defined benefit obligation	45	17
<b>Total pension cost recognised in Statement of Comprehensive Income</b>	<b>57</b>	<b>28</b>
<b>Amounts recognised in Other Comprehensive Income</b>	<b>2025</b> £000	<b>2024</b> £000
Actual return on plan assets less interest income on plan assets	(719)	26
Actuarial losses / (gains) due to scheme experience	(27)	
Actuarial losses / (gains) due to actuarial gains/(losses)	866	(574)
<b>Total amount (losses)/gains recognised in other comprehensive income</b>	<b>120</b>	<b>(548)</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. However this is still yet to be communicated.

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 2025**

**27. Contingent liabilities**

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Social Housing Grant	<u>100</u>	<u>100</u>

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 has no ongoing contractual disputes 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.