

EILDON HOUSING ASSOCIATION LIMITED

Annual Report and Consolidated Financial Statements
for the year ended 31 March 2024



50 Years Providing Housing and Care

Co-operative and Community Benefit Society 1757R(S)
Scottish Charity No SC015026
The Scottish Housing Regulator No HEP107

www.eildon.org.uk



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Picture on front cover Poynder Apartments, Kelso

Report from the Board of Management

A

Introduction

We are pleased to present the 2023/24 Annual Report for the Eildon Group (Eildon) based in the Scottish Borders and made up of parent company Eildon Housing Association Ltd (EHA), and Eildon Enterprise Ltd (EEL).

As a registered charity we have provided housing, care, and support services to people right across the Scottish Borders region. Our journey started in 1973 and we have grown to the point where we serve nearly 50 communities in Borders towns, villages, and rural areas.

We are recognised as a leading Scottish housing and care provider, and we are committed to excellence in everything we do and continue to grow by building new homes and developing innovative new services. All of our activities are underpinned by our commitment to doing our best for the people we serve.

Eildon has achieved a significant amount during the 12 months to 31 March 2024 including celebrating our 50th anniversary. During this time the Board has continued to execute its role in the strategic oversight and monitoring of the delivery of this work.

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Our Purpose and Strategy

1. OUR CORPORATE PURPOSE

Eildon is committed to delivering excellence in the provision of housing, care and support services for the people and communities that we support.

2. OUR VALUES

We are committed to the following values so that our customers and stakeholders are clear on what we stand for and enable them to hold us to account. The values are established within our competency framework that underpins and directs the behaviours of our people.

Caring

- We care about what we do, the people we work with and the customers we serve.

Connected

- We are part of the communities we serve and believe we can make a real difference.

Committed

- We all work together to provide affordable, high quality homes, care and support services.

Creative

- We are ready to meet the challenges of the future with enthusiasm and new ideas.

3. OUR 5-YEAR STRATEGY 2022/23 – 2027/28

The 5-year Strategy for the Eildon Group sits at the heart of our Corporate Planning Framework and is reviewed every three years. The strategy sets out a clear statement on what we are committed to deliver over the five-year planning period.

In April 2022, the Board approved an updated 5-year Strategy 2022/23 to 2027/28 which aims to respond to some significant challenges in an ambitious and progressive way. It also covers the period during which Eildon will mark 50 years of service to the people and communities that we were set up to support. The current strategy is focused on the following key themes:



Our work on **sustainability** and delivering a just transition to a **zero-carbon economy**

We will progress our plans to invest heavily in our property assets to improve efficiency and reduce carbon emissions, as well as taking steps to become a 'Greener Eildon'.



Addressing the **social care needs** of our communities

We will progress further plans to develop high quality, residential based older people's housing and care services as well as further develop our approach to support adults with learning disabilities and seek to build on the successful platform of our Borders Care & Repair services through innovation and expansion.



Addressing the **housing supply needs** of our region

Delivering our current new build programme and aiming to launch a further programme of 800 new homes in the period ahead.



Responding to **customer needs, pressures, and aspirations**

Recognising the challenges being faced across our customer base with respect to issues related to the 'cost of living' crisis, we will further develop and expand our support, advice, and assistance services to provide a range of universal and targeted measures.

In line with Eildon's Corporate Planning Framework, an annual Strategic Implementation Plan (SIP) is approved by the Board which seeks to identify the most significant new 'active' items for them to have oversight of in the delivery of our strategy during the forthcoming year. The SIP covers significant activities for the current year, but also anticipates those activities that will cover multiple years.

4. OUR STRATEGIC OBJECTIVES

Governance, Financial Viability, Housing and Support Services, Care Services, Property Assets, Organisational Development

These are the core objectives that are well established and understood within our strategy and reporting processes. These provide a robust and stable framework for us to organise our activities.

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Strategic Review

1. OUR PLANS FOR 2023/24

In April and May 2023, the Board approved the 2023/24 SIP, Performance Targets, Budget, Treasury Management Strategy (TMS) and Development Programme. These set out the key activities and performance targets that would direct the work undertaken in the year and which would contribute towards the delivery of our strategy and objectives.

The economic environment experienced a much more substantial downturn during 2023/24 than was forecast when Eildon's 2023/24 Viability Plan was approved and this resulted in Eildon having to manage and adjust its Business, Financial, Treasury and Development plans in response to this.

2. OUR ECONOMIC AND OPERATING ENVIRONMENT 2023/24

Inflation and Interest Rates

Key economic indicators that affect Eildon include interest rates and consumer price inflation (CPI), and at the time of the approval of the 2023/24 plan the Bank of England base rate (the Base Rate) had just increased to 4.25% and CPI peaked in February 2023 at 10.4%.

The assumptions in the 2023/24 plan were that CPI would decline throughout the year to 3% by December 2023 and interest rates would peak mid-2023 with a Base Rate of 4.5% before starting to decline. However, the decline to the target levels for inflation and interest rates has been much slower than expected and the year ended with March 2024 CPI at 3.8% and Bank Base Rates at 5.25%.

The energy/utilities inflation has tapered off during 2023/24 and this is reflected in the fact that Eildon secured a 50% per unit price reduction in the gas contract and a 20% reduction in the electricity contract from January 2024. New build construction costs and housing repairs and maintenance inflation remains variable and subject to significant geographical and trade specific pressures. The higher inflation during 2023/24 has continued to create a "cost of living" pressure on our tenants and wage and material inflation pressure on our supply chain.

Scottish Living Wage

The impact of inflationary pressures resulted in the Scottish Living Wage increasing to £10.90 per hour, an increase of 10.1%.

Extra Care Housing

2023/24 resulted in our third integrated extra care housing service commencing at Poynder Apartments in Kelso. This added a further 550 hours of commissioned care per week to our portfolio of services and provided an additional 36 homes for older people.

Development Programme

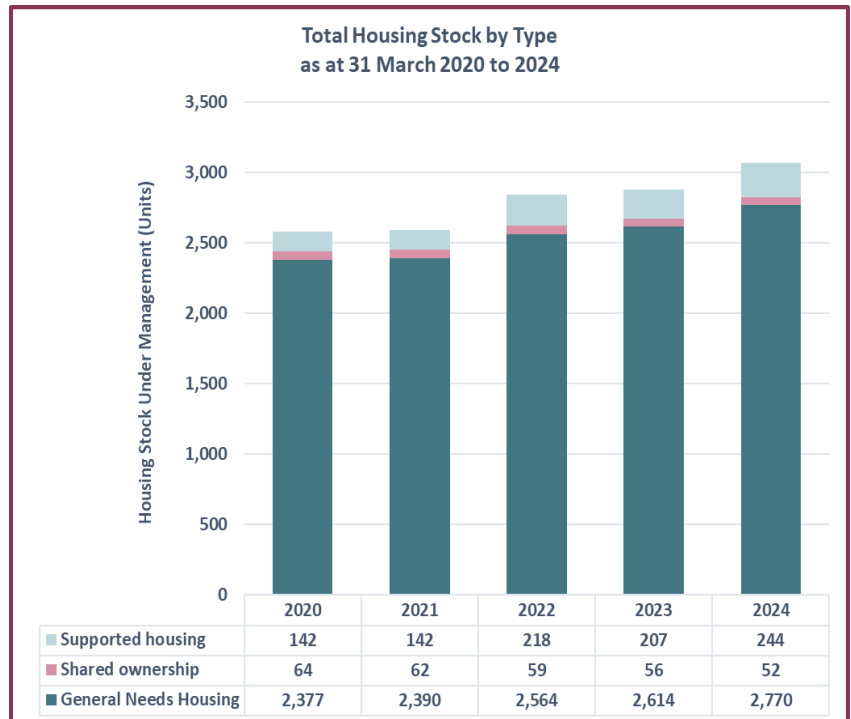
The increasing interest rate environment and the continuation of inflationary pressures has continued to present additional challenges for our new build programme. Despite this we added 186 new homes to our housing stock including the new extra care housing in Kelso.

There is regular engagement with our construction partners to ensure that they continue to be resilient in the current environment and that Eildon manages these relationships to ensure they have honest and open dialogue

to enable the best management of the challenges faced. Despite this we have been required to seek out new contractors to complete two of our projects which are part-way through, however our strong reputation and relationships with contractors has meant we have been able to identify alternatives to do this. The higher interest rates have also meant that the viability of our new build projects in development are continually reviewed to ensure that any changes are fully understood and managed.

Our Housing Stock

Our total housing stock increased to 3,066 units under management (2023: 2,877), this 7% increase incorporated 186 new build properties completed during 2023/24 under the development programme combined with a net increase of three homes due to buyback and buyout rights during the year. This chart illustrates how our housing stock has grown over the past five years, with an additional 483 homes, representing a 19% increase in our housing stock.



Community Partnership Working

The Community Partnership Team, established in 2022, has enabled us to increase our proactive work, in partnership with others, to support our tenants and their communities both financially and through community-based initiatives.

Imaginative Solutions

Following the decommissioning of our supported activities at Millar House, we have secured a new tenant through working with our health and social care community partners to provide high quality supported housing for people with enduring mental health disorders. This has resulted in a positive outcome through joint working between Health and Social Care Partnership, Carr Gomm (the support provider) and Eildon in putting to use the former sheltered housing development, and a financial benefit for Eildon in the form of a commercial tenancy. In addition, working with the same partners, we have piloted key worker accommodation provision to support these workers as they relocate to work in the Scottish Borders.

3. OUR PERFORMANCE 2023/24

The Board approved Key Performance Indicators (KPIs) in April 2023 in conjunction with a suite of other internal performance targets on which Eildon's activities are measured and reported upon.

Our Customers

Our customers are our priority and in order to assess our performance against their expectations we:

- undertake monthly transactional surveys of our customer interactions
- undertake an annual customer satisfaction survey
- consult with and report back to customers on the annual rent increase proposals
- monitor Stage 1 and 2 complaints handling

Customer Satisfaction

For the year ending 31 March 2024	Actual	Target	Previous Year
Tenants satisfied with overall service	81%	85%	78%

The overall result of the annual customer satisfaction survey is that **81% of our tenants were either satisfied or very satisfied** with Eildon's overall service; this was based on telephone interview responses of circa 26% from our general needs tenants and 39% of our care service tenants. This result is an improvement on last year's result of 78% but is below the 85% target set for the year.

These results, although strong and improving, are below our targets and do not reflect where Eildon's ambition is in relation to our customers' satisfaction.

Complaints Handling

For the year ending 31 March 2024	Actual	Target	Previous Year
Tenants satisfied with complaint handling	36%	60%	43%
Average time taken to provide a full response (working days):			
Stage 1 complaints	4.3 days	4 days	6.1 days
Stage 2 complaints	20.8 days	18 days	17.9 days

The overall result is that satisfaction with complaint handling has declined year on year and against the target. The number of Stage 1 complaints responded to during the year was 155 (2023: 122) and a focus on training, especially in relation to recording complaints, has supported us to achieve an improved 4.3 working days, on average, to fully respond to these.

The number of Stage 2 complaints responded to in full in the year was 30 (2023: 17). Unfortunately, the complex nature of some of these complaints meant that our resolution times declined resulting in the average time to fully respond increasing to 20.8 working days and a 16% increase in time to complete compared to last year.

These results highlight that further focus and improvement is required in our management of complaints and service to our customers, which we have embarked upon through a cross-organisation Customer Experience Group established to drive forward an improvement plan to improve our service to our customers.

Repairs and Maintenance

For the year ending 31 March 2024	Actual	Target	Previous Year
Tenants satisfied with repairs or maintenance	89%	92%	86%
% Reactive repairs completed right first time	95%	93%	91%
Non-emergency repairs Average length of time per repair	11.1 days	8 days	9.1 days

Tenant satisfaction with their repairs and maintenance increased to 89% (2023: 86%) although was still below target. In addition to this improvement our reactive repairs completed right first time improved to 94% (2023: 91%) and above our 93% target. However, our non-emergency repair time has increased to 11.1 days (2023: 9.1 days). This reflects the challenging service environment where there are shortages of skilled tradespeople in some areas, and we need to use our information and working relationships to work towards improving performance in this area.

Housing & Tenancy Management

For the year ending 31 March 2024	Actual	Target	Previous Year
Average time to re-let a property	39 days	28 days	39 days
% Rent lost due to voids*	1.14%	1.33%	1.14%
Rent arrears (all tenants) % rent due in the period*	4.97%	4.78%	5.09%

*Note these are based on the Annual Return on the Charter (ARC) calculation basis as opposed to the figures in Table 1 – Group Highlights on page 16 which are based on the total financial results for the reporting year.

The 39-day average time to re-let a property is significantly above our target and shows no real improvement on the previous year's performance. Relet times have been negatively impacted upon by the significant challenges experienced in resolving utilities connections in void properties and delays due to contractor challenges resourcing certain trade skills in specific geographical areas which has delayed the maintenance work to bring properties back to a lettable standard. We are currently piloting a new partner to support us with energy related issues, and we are working with our main repairs contractors to support the resolution of the resourcing maintenance work.

Our Staff

For the year ending 31 March 2024	Actual	Target	Previous Year
% Staff attendance - all staff	95%	96%	93%
% Staff turnover – all staff	17%	15%	18%

We employed an average of 179 full time equivalent employees (FTE) during the year, an increase of 5% on the previous year and relating to the start of our new service in Kelso. We ended the year with a workforce of 186 FTE of which 50% are employed within our care and support services. Despite this growth and change in our workforce we have achieved 95% staff attendance on average throughout the year and our staff turnover of 17% has improved on the previous year. Our colleagues are key to providing high quality services and we pride ourselves on being a Living Wage employer and investing in the ongoing development of our staff.

4. OUR ACHIEVEMENTS 2023/24

During 2023/24 through significant commitment and effort our people have enabled us to achieve a significant amount, and the following highlights some of these:



We invested in our properties

- Through our capital component replacement and enhancement programmes we invested £2.9m in our existing properties. This included the installation of new sustainable heating systems, solar panels, and battery storage at 30 of our properties in Hawdene, Broughton which saw an investment of almost £1m supported by £500k match funding from the Social Housing Net Zero Heat Fund (SHNZHF).
- Securing very high customer satisfaction from the new window and door replacement contractor.
- A further 34 homes are with contractors onsite and planned completions during the next two financial years.

We invested in our people

- Our workforce increased from 171 FTE to 179 FTE over the past twelve months, predominantly through the new extra care service but also as a result of introducing additional in-house tradespeople.
- Maintained our Living Wage Employer status and undertook our Triennial Pay and Benefits Review, the recommendations from which were considered by the Remuneration Committee.
- Invested in our Care & Repair service through negotiating a new contract and securing a new technical officer to support our activities.
- Our most recent staff engagement survey highlighted that 87% of our people are satisfied with Eildon as their employer.
- Investing in our workforce's personal development which includes utilising the Chartered Institute of Housing's various professional programmes, modern apprenticeships, the Common Purpose Programme, and care SVQs.

We invested in our digital infrastructure

- Undertook procurement for new network infrastructure to ensure that we have the digital foundation to meet our needs.
- Invested in virtual meeting technology to improve the operation of our hybrid meetings and enable us to share our facilities with our partners.
- Launched a new learning and development platform that is accessible by all staff.

We assured ourselves

- Care Inspectorate Grade 5 ratings for all of our registered care settings.
- Scottish Housing Regulator (SHR) confirmation of compliance on our treasury management activities against the regulatory standards.
- The borrowing options report presented to Board in March 2024 highlighted the strength of Eildon's reputation in financial markets with at least six well respected lenders presenting proposals.
- Won two Inside Housing 2023 Development Awards for Best Supported Housing Development - Rural/Suburban (Poynder Apartments) and Best Affordable Housing Development (McQueen Gardens).
- Highly Commended in the "Large Business of the Year" category at the Scottish Borders Chambers of Commerce Excellence Awards 2023.

5. WIDER & AGENCY SERVICES

During the year Eildon has provided:

- Management services to Berwickshire Housing Association intermediate rent stock
- Management services to Lucy Sanderson Homes
- An adaptations service to the Borders Housing Network

As agents for Scottish Borders Council, Eildon runs a comprehensive Care & Repair service.

Eildon has continued to use its strength as a community anchor organisation to develop its approach to community partnerships, with the goal of working with like-minded partners to provide customers with the opportunity to live happy, healthy lives connected to their communities.

Building on our established projects like the Food Hub and OPAL, we continue to explore interventions across the key areas of Food Insecurity, Wellbeing, Social Inclusion, Fuel Poverty, Community Growing and Digital Inclusion. This wider-role activity has been funded through successful partnership approaches to grant applications, and our expanded Community Benefits Policy and is supported through volunteering opportunities; the latter being an approach to delivering on our goal which we are looking to expand over the next year.

6. OUTLOOK FOR THE FUTURE

Although inflation is now on the decline there is still significant worldwide geopolitical instability as well as some key national elections during the next 18 months. In addition, it took Base Rate increases above expectations to manage inflation. All the forecasters are in agreement that the likelihood is that interest rates and inflation will reduce. However, there is inconsistency and disparity between forecasters as to how quickly this will happen. As at March 2024 CPI stands at 3.8% and our planning assumption is that this will reduce to 2.6% by December 2024, levelling off at 2% during 2025.

Construction inflation indices are indicating that the all-in tender price and materials cost indices are still high and that more risk is being priced into tender submissions by the contractors; as a result, our planning assumptions include a premium above CPI for project costs where the scheme has not yet reached tender stage. In terms of the Base Rate forecasts, it is anticipated that this has peaked at 5.25% and our planning assumption is that it will

start to decline from summer 2024 onwards to around 4.5% by January 2025, although commentators still have an inconsistent view on this.

The Board approved a social housing rent increase of 7% for 2024/25 and 8% for mid-market rental properties in February 2024; this latter increase was to recover from the 2023 3% rent cap set by the Scottish Government and align with Local Housing Allowance averages for the Scottish Borders. Service charges were increased by an average of 5%.

The Medium- and Long-Term Viability Plan 2024/25 was approved by the Board in March 2024 along with the Treasury Management Strategy and Budget for 2024/25. This has resulted in the securing of credit approval for £15m of additional funding which will be concluded early in 2024/25 to support our ongoing development programme. This means that despite the many challenges in the wider environment we have plans that are robust and resilient and provide a stable platform for Eildon to weather the continuing uncertain times.

Looking forward to 2024/25 Eildon will be focusing on delivering further new homes with plans to start on site in two locations during the year, commencing a new learning disability service provision and utilising our data and business information to inform the development of improvement projects to continue to develop and improve our services to our customers and tenants.

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Financial Review 2023/24

1. INTRODUCTION

The commentary noted below refers in all cases to the consolidated results of the Eildon Group for the year to 31 March 2024 reported within these financial statements and not just EHA on a standalone basis.

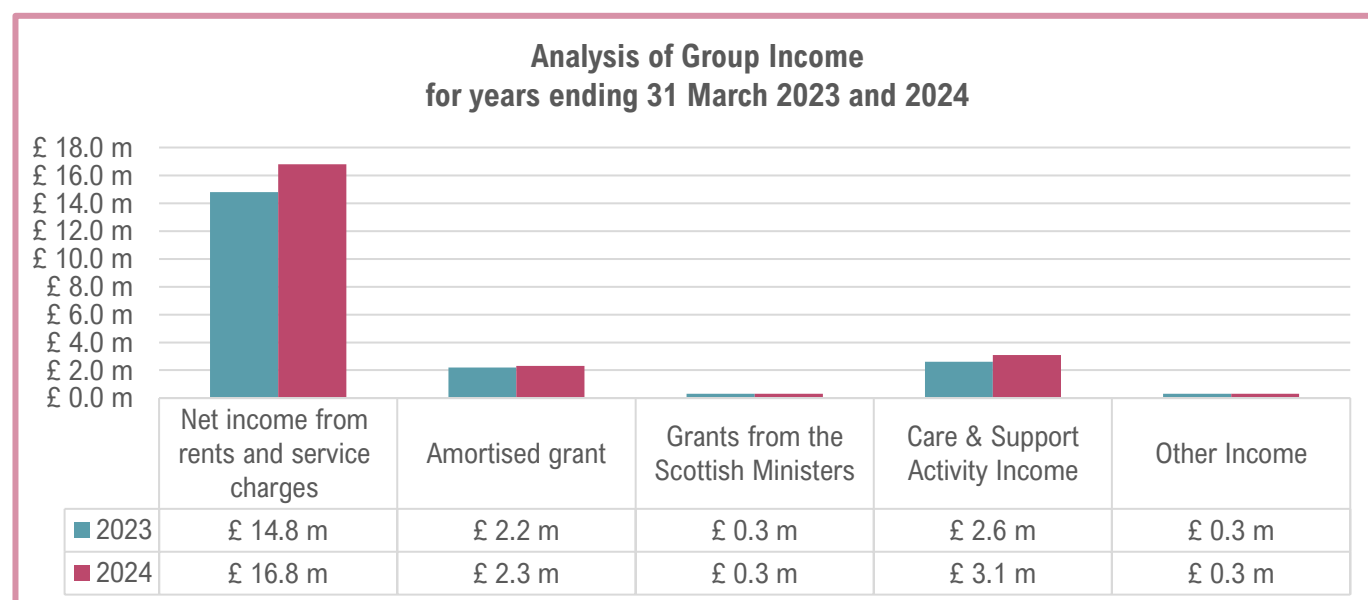
The financial performance over the past five years is analysed in Table 1, on page 16.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income is presented on page 35 with key additional analysis in Notes 2, 3 and 4 (pages 49 to 52). These show that Eildon made a surplus of £161k after tax during the year (2023: £1,659k).

The surplus before tax and actuarial movements was £1,033k (2023: £1,582k) which is a significant decrease on the previous year, however this relates to two key accounting movements in the year. The operating surplus, which is before net interest and financial instrument movements was £4,729k (2023: £4,174k) and represented a 13% increase in Eildon's operating surplus. The operating contribution (i.e., operating surplus as a % of turnover) was 20.6% (2023: 20.6%) showing that operating performance remained consistent despite the establishment of the new Poynder Apartments extra care service during the year and delays in the planned completion of some of our new homes.

Income



Total income generated for the year was £22,921k (2023: £20,274k). This amounts to a £2,647k increase (13%) in income year on year. The majority of the growth has been generated from:

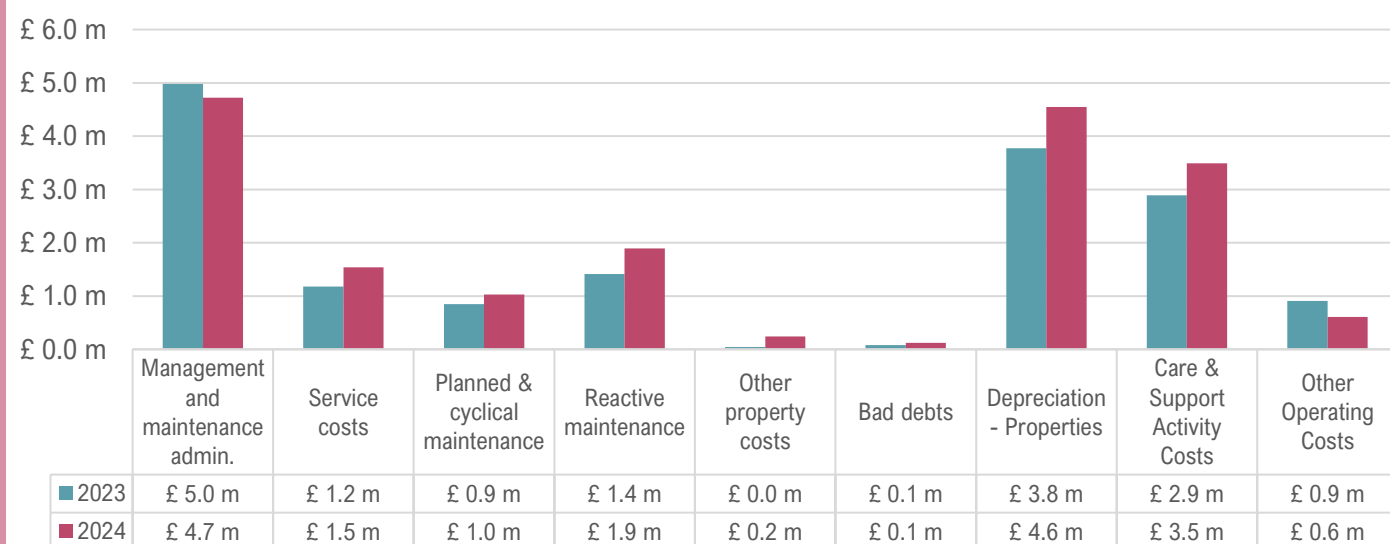
- a) Net income from rents and service charges increased to £16,826k in year (2023: £14,764k) generating £2,062k (14%) mainly due to the full year effect of new build homes completed in 2022/23 and part year effect of the 186 new homes completed and the new extra care service commissioned during 2023/24. In

addition, inflationary increases on rent and service charges applied from 1 April 2023 also generated additional income.

- b) Care & Support income increased to £3,142k (2023: £2,611k) contributing £531k, an increase of 20%. The key driver to this is the introduction of the new extra care housing at Poynder Apartments, Kelso, and inflation on commissioned care and board service income.

Operating Expenditure

**Analysis of Group Operating Costs
for years ending 31 March 2023 and 2024**



Total Operating Expenditure for the year was £18,192k (2023: £16,100k) up by £2,092k (13%) on the previous year. The key drivers of expenditure growth have been related to inflation, the further increase in staff costs from the introduction of additional extra care housing services and the increase in the number of units under management. In addition, the Depreciation for housing stock includes an exceptional one-off write down of costs (£472k) within Assets under Construction. This relates to the impairment of an element of the project expenditure at Edgar Road, Westruther where progress has been made to restart this onsite and as part of this process an amount of previously incurred project costs have been identified as “abortive” and will not contribute to the final fixed assets value once completed. Excluding this one-off charge, the Operating Expenditure for the year would have been £17,720k, a 10% increase in operating costs which can be compared to the 13% increase in income.

3. ASSET MANAGEMENT (PROPERTY MAINTENANCE)

Eildon seeks to maintain its properties to the highest standard. To this end it carries out repairs in three distinct time frames:

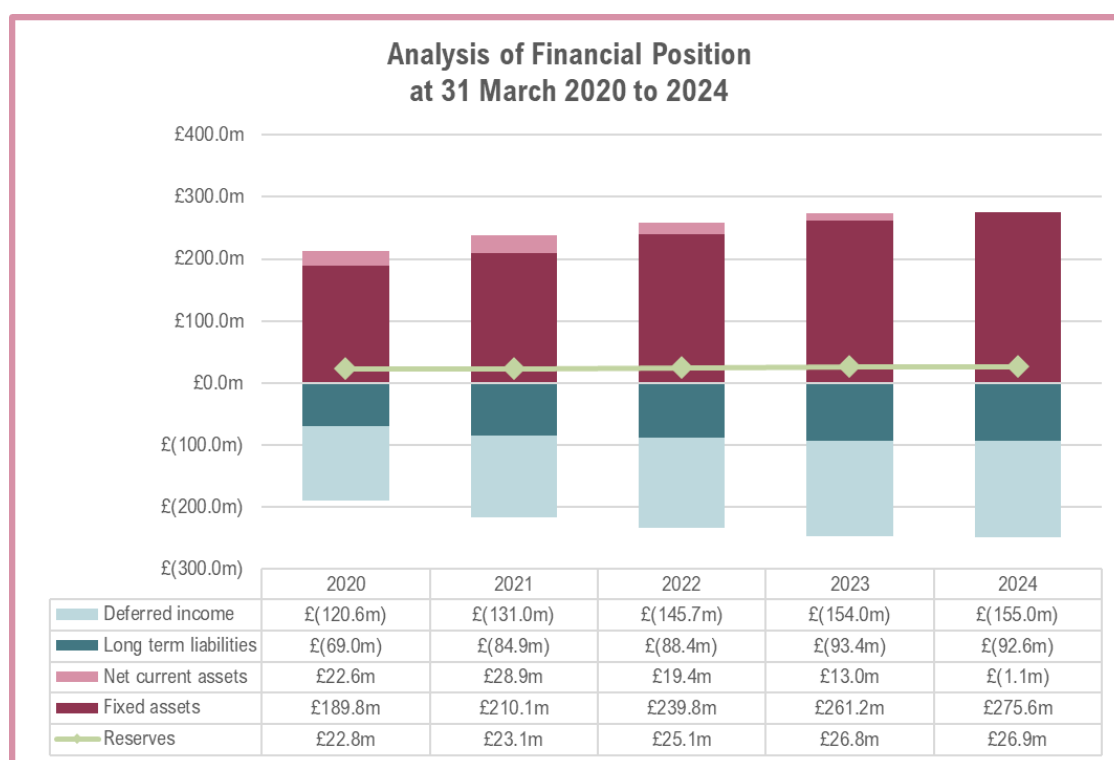
- Routine Maintenance, which is carried out within five days of notification – expenditure in the year was £1,888k (2023: £1,409k)
- A programme of Planned Repairs carried out in the medium term to deal with the gradual and predictable deterioration of building attributes – expenditure in the year was £1,029k (2023: £847k)

- A long-term programme of major repairs for the replacement of components which have come to the end of their economic lives – direct expenditure capitalised in the year was £2,515k (2023: £1,274k). In addition to the replacement of components an extra £411k was spent on additional components at Hawdene, Broughton where, as part of a heating system upgrade, solar panels and battery storage were installed. The whole project was supported by £504k SHNZHF grant from the Scottish Government.

The Board continues to invest to cover the Association's future commitments under the Scottish Housing Quality Standards and the Energy Efficiency in Social Housing Program and exploring innovative funding solutions to support this.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Eildon's net assets at 31 March 2024 were £26,888k (2023: £26,727k); an increase of £161k (1%). The chart below illustrates the trends in our financial position.



Our fixed assets have increased to £275,583k (2023: £261,178k) reflecting our ongoing investment in housing assets which is covered in the next section.

Net Current Assets have decreased to a Net Current Liability of £1,074k, a movement of £14,056k in the year. This movement reflects the utilisation of £11,019k of our cash to fund our development activities, along with a number of projects completing in the last two months of the year leading to increases in retentions and Development Creditors at the year end. Additional new borrowing has received credit approval and will be in place by the summer 2024 to support our ongoing commitments. The profile of our creditors is spread over the year and therefore the timing of the facility will be able to accommodate these obligations.

5. HOUSING – VALUATIONS, DEVELOPMENT & DISPOSAL

As at 31 March 2024 Eildon owned 3,066 housing units along with a small number of garages and commercial properties which are rented out. During the year we sold one of the commercial properties making a small gain on disposal and we secured a new tenant for Millar House, Melrose.

During the reporting year Eildon spent £16,013k (2023: £24,042k) on building and purchasing houses (Note 12) of which £2,875k (2023: £10,559k) was funded by grants received from the More Homes Division (East) of the Scottish Government (Note 20). This represents 189 units coming into management by the end of the year, of which 186 units related to the new build programme. At the reporting date there are 13 shared equity units unsold. In the year the Association sold four shared ownership properties and bought back two shared ownership properties, as well as a property under the Scottish Government's Mortgage to Rent Scheme.

The disposal and write-down of housing properties (Note 7) generated a net loss of £65k (2023: net gain £22k) after taking account of the remaining net asset cost and recycled grant. Following a review of the Assets Under Construction balances this net loss includes the write-off of costs associated with a number of projects where initial development work was undertaken, but where these are no longer being taken forward in our current 10-year development programme proposals.

6. CASH FLOWS

Cash inflows and outflows during the year are shown in the Consolidated Cash Flow Statement (page 38 - 39).

The Group cash inflow from operating activities increased this year to £8,299k (2023: £2,862k); £18,300k (2023: £26,953k) was spent acquiring assets. There was an outflow from repaying loans of £1,848k (2023: £431k); inflow from borrowings was £412k (2023: £5m). The cost of financing was £3,060k (2023: £583k) and the net debt moved from £92,609k in 2023 to £91,756k in 2024.

7. CAPITAL STRUCTURE AND TREASURY MANAGEMENT

During 2023/24 no new loan agreements were negotiated, and as a result of ongoing capital repayments under our existing loan agreement total outstanding loans decreased slightly to £91,756k (2023: £92,609k). The profile of the loan portfolio is set out in Notes 17 and 18 and this shows that 71% of the loan debt is repayable after five years.

The Board approved the Treasury Management Strategy (TMS) for 2023/24 based on the Medium- and Long-Term Viability Plan 2023/24. This incorporated the recommendations from the review of our borrowing strategy that was undertaken on our behalf by an external treasury adviser and the comments received as part of the feedback from the Scottish Housing Regulator (SHR) review of our treasury management.

Following the SHR review they concluded that:

“On completion of the Treasury Management review, and based on the information gathered, we consider EHA's Treasury Management arrangements to meeting Regulatory Standards within our Regulatory Framework.”

The TMS for 2023/24 set operational parameters for the treasury management as well as the approved borrowing requirement. In this way Eildon manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

During the reporting year the unencumbered security position has been reassessed following the various valuation exercises during 2023/24 and established that there is sufficient capacity within the 541 unencumbered units to meet the security requirements for our identified borrowing need. In addition, due to further review work being undertaken, our external adviser provided recommendations in relation to identifying suitable sources of funding, and these were incorporated into the TMS for 2024/25 approved by the Board in March 2024.

Eildon, as a matter of policy, does not enter into transactions of a speculative nature and fixes rates of interest through embedded rates within loans and swaps using an ISDA MTM instrument (Note 18).

At 31 March 2024, the mix of variable and fixed ratio was 77% fixed:23% variable excluding the ISDA MTM and 80%:20% including the ISDA MTM. In the current climate, and re-affirmed through the recent external review, this is a strong position to be in terms of interest rate exposure when rates are rising. Interest and financing costs for the year were £3,923k (2023: £3,237k) reflecting the increase to the variable rate interest costs experienced during the year following the Bank of England changes to the base rate and the full year effect of interest of the additional borrowing drawn down during 2022/23. It is estimated that the increased interest rate environment has resulted in a 10% increase in the cost of servicing the debt with variable interest.

The interest cover and gearing ratios came in below target, and no loan covenants were breached in the year.

8. PENSION

As of 1 April 2013, the Association ceased to offer a defined benefits option within the Scottish Housing Associations' Pension Scheme (SHAPS) and now offers a defined contribution option through SHAPS.

For the year ended 31 March 2024, the Association has obtained sufficient information to account for the scheme as a defined benefit scheme as fully disclosed in Note 23 (page 63). There continues to be significant fluctuations in the valuation of the pension deficit, and this will be subject to a full triennial valuation as at 31 March 2025. The results of this will not be known until after conclusion of this exercise and the outcome is unlikely to be known until 2026.

TABLE 1 – GROUP HIGHLIGHTS – FIVE YEAR HISTORICAL SUMMARY

For the Year Ended 31 March

	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income					
Total turnover	22,921	20,274	17,129	15,703	15,316
Social lettings income	19,168	17,014	14,772	14,191	13,802
Operating surplus	4,729	4,174	3,119	3,501	3,200
Surplus/(deficit) for the year after tax	161	1,659	2,044	182	2,786
Statement of Financial Position					
Net housing properties	270,973	257,297	235,915	206,729	186,434
Other fixed assets	4,610	3,881	3,884	3,273	3,392
Fixed assets	275,583	261,178	239,799	210,002	189,826
Net current assets	(1,074)	12,984	19,379	28,949	22,571
Total assets less current liabilities	274,509	274,162	259,178	238,951	212,397
Long term liabilities	(92,584)	(93,446)	(88,437)	(84,905)	(68,997)
Deferred income	(155,037)	(153,989)	(145,673)	(131,022)	(120,558)
Net assets	26,888	26,727	25,068	23,024	22,842
Reserves	26,888	26,727	25,068	23,024	22,842
Housing Stock (units)	3,066	2,877	2,841	2,594	2,583
Statistics					
Surplus for year as % of turnover	0.70%	8.18%	11.9%	(0.3%)	18.2%
Surplus for year as % of social lettings income	0.84%	9.75%	13.8%	(0.3%)	20.2%
Rent loss from voids in the year	1.22%	1.18%	1.79%	1.55%	0.77%
Rent collected in terms of rent collectable in the year	98.0%	98.3%	97.3%	97.1%	97.7%
Liquidity (Current Assets/Current Liabilities)	0.86/1	3.0/1	3.3/1	3.2/1	3.3/1
Gearing (Total Loans as % of Capital Grants plus Reserves)	47.5%	42.0%	37.3%	31.8%	30.1%

E

Structure, Governance and Management

1. CORPORATE STRUCTURE

Eildon Housing Association Ltd (EHA) is registered under the Co-operative and Community Benefit Societies Act 2014 and is a Scottish Charity with a Board of Management (hereinafter referred to as the Board) as the governing body. It is the parent to a subsidiary, Eildon Enterprise Ltd (EEL). The legal relationship between these companies is that the Board of Eildon Housing Association Ltd make up the Eildon Enterprise Ltd Board (with the potential for a minority of 'independent' members to be added to this).

Eildon Enterprise Ltd is incorporated as a company limited by guarantee and as per the articles is treated as a subsidiary of the housing association. Consolidation has been carried out using the full consolidation method.

The Eildon Charitable Trust also exists. The Trustees hold the positions of Chair, Vice Chair, Secretary and Assistant Secretary of Eildon Housing Association Ltd. The Eildon Trust has not been included in the consolidated financial statements as it is dormant.

Eildon Housing Association Ltd is a Public Benefit Entity.

2. REGISTERED PARTICULARS

Registered Office	Registered Nos
Eildon Housing Association Ltd	EHA – Parent Co-operative and Community Benefit Society 1757R(S) Scottish Charity SC015026 The Scottish Housing Regulator HEP107
Eildon Enterprise Ltd The Weaving Shed Dunsdale Road Selkirk TD7 5EB	EEL – Subsidiary Company Registration Number SC273461

3. PRINCIPAL ACTIVITIES

Parent – Eildon Housing Association Ltd

The principal activities of Eildon Housing Association Ltd are:

- Management and maintenance of its housing property
- Development of housing projects, at affordable rents, for people in need; and low-cost home ownership initiatives
- The provision of care and support services for vulnerable client groups
- Operating the Care & Repair programme contract as agents for Scottish Borders Council
- The provision of corporate, administrative, IT and financial services for all members of the Eildon Group

Subsidiary – Eildon Enterprise Ltd

Eildon Enterprise Ltd.'s principal activity is undertaking activities relating to the provision of mid-market rent housing.

4. STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the registered social landlord and of the surplus or deficit for that period. In preparing those financial statements the Board are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- Prepare them on a 'going concern' basis unless it is inappropriate to presume that the Association will continue in business
- Prepare a Statement on Internal Financial Control

The Board is also responsible for:

- Keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and the Group
- Ensuring that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010 and the Determination of the Accounting Requirements February 2019
- Maintaining a satisfactory system of control over accounting records and transactions, and for safeguarding all assets of the Association and, hence, take reasonable steps to prevent and detect fraud and other irregularities

5. CORPORATE RULES AND THE REGULATOR

The governing document of the Association is the Rules, which are based on the 2020 SFHA standard set of Charitable Rules and adapted through time by properly constituted meetings of the members of the Association. The Rules are the equivalent of a company's Articles and Memorandum of Association. A copy of the Rules can be obtained on request to the Registered Office.

As part of its monitoring process the Association's regulating body, The Scottish Housing Regulator, monitors the activities of the Association to ensure that they are in line with the Rules. The Association has never been found to be in breach of its Rules.

6. BOARD AND SUB-COMMITTEE STRUCTURE

Through their election by the shareholders at a general meeting, the Board are delegated via Standing Orders (updated May 2022) to:

- Appoint a Chair
- Appoint sub-committees and working groups
- Formulate and implement policies and strategies
- Delegate to the Executive Officers
- Make decisions based on the information received from the Executive Officers

The Board gives delegated authority to the Audit and Risk Sub-Committee who meet to monitor all audit, risk and compliance issues of the Association and the impact that these issues have on each other. Internal audit reports and Care Inspectorate reports, which provide an independent view on the organisation's efficiency, effectiveness, and performance, are received by this sub-committee.

Delegated authority has also been given to the Remuneration Sub-Committee on the remuneration of staff, the pension provision, and the appraisal of the CEO.

The Board has the authority to set up single task working parties to address specific issues that are usually time limited and make specific recommendations back to the Board for consideration. These working parties have the ability to second specialists to assist them or, with Board approval, recruit consultants to assist them in a particular piece of work.

The Board meets nine times annually, the Audit & Risk Sub-Committee four times and the Remuneration Sub-Committee at least once. At these meetings the Executive Officers present papers from which decisions are made by the Board. The Executive Officers also present performance papers such as Management Accounts, Key Performance Indicators and other relevant papers relating to performance issues.

Since 2019 the Scottish Housing Regulator has introduced the requirement for all registered social landlords to submit an Annual Assurance Statement. This statement sets out the Board's position in respect to compliance with the standards of governance and financial management as set out in the Regulatory Framework published by the SHR.

7. BOARD ASSURANCE AND ACCOUNTABILITY

The Board, with the support of the Executive Officers, oversee a detailed self-assessment exercise each year to inform this submission. To date, no areas of non-compliance with the regulatory standards have needed to be included in the Annual Assurance Statement.

The Board account for their actions and decisions in the year by presenting to the members the Annual Financial Statements, which include a summary of key activities undertaken during that year, at the annual general meeting (AGM).

8. MEMBERSHIP OF THE ASSOCIATION

Paragraphs 6 to 12 in the Rules lay out, in detail, the criteria for being a member of the Association.

The Board may, at their discretion, admit to membership any individual persons in line with our membership policy. Every member on the register holds one share in the Association. Shares cost £1 but do not entitle the holder to any interest, dividend, or bonus. In the event of the withdrawal, death, or expulsion of the member, the £1 becomes the property of the Association.

There are 79 members and currently none are Body Corporate Members.

9. MEMBERSHIP OF THE BOARD

Paragraphs 37 to 44 in the Rules lay out, in detail, the recruitment and appointment of the Board of the Association. The pertinent points are:

- There has to be a minimum of seven Board Members and a maximum (including three co-optees) of 15
- Only shareholders of the Association over the age of 18 can become Board Members
- An employee of the Association or a close relative of an employee may not be a Board Member
- Board Members are elected at general meetings

Board Members are drawn from a wide background bringing together professional, commercial, and local experience and are unpaid.

Each year, one third of Board Members must retire and stand for re-election if they wish to remain on the Board. The Board Members and the Executive Officers of the Association during 2023/24 are set out in the Table below.

BOARD MEMBERS

Name	EHA Parent	EEL Subsidiary
Ms Cathie Fancy, BSc (Hons), MSc, HND +	Chair	Director
Mrs Alison Ballantyne, PgDip, MCIBS	Vice Chair (EHA Board)	(R – 6 Sept 2023)
	Chair (Remuneration Committee)	(R – 6 Sept 2023)
Mr Ron Beardsley, MSc, FFB*		
Mr Brian Frater, BA(Hons), MRTPI (retired) +	Vice Chair (EHA Board)	(A – 6 Sept 2023)
	Chair (Remuneration Committee)	(A – 20 Sept 2023)
Ms Amanda Harvie, BA (Hons), MCIPR, FRSA *		Director
Mr Chris Highton, DipSurv, FRICS +		Director
Mr Ross Kilshaw LLB PG.Dip	(A - 22 Nov 2023)	
Ms Catherine Louch, MA (Hons) Economic & Social History, Post Grad Diploma in Housing, CIH Chartered Membership *		
Mr Allan Lundmark, Hon FRIAS, BSc (Hons), DiP TP, MRTPI (1976 – 2014) *		Chair
Mrs Hannah Macleod LLB (Hons), Dip LP, Admitted as a Solicitor in Scotland	(A - 22 Nov 2023)	
Ms Eibhlin McHugh, B. Soc. SC. UCD, Dip Business Studies. OU, DSW Edin Univ +		
Dr Alan Mordue, MB, ChB, FFPH (retired) *		
Mr Ewen Swinton, ACIBS *	Chair (Audit & Risk Committee)	

* - Member of Audit & Risk Committee, + - Member of Remuneration Committee, (A) = Appointed in the year, (R) = Resigned in the year

10. EXECUTIVE OFFICERS

The Executive Officers are the Chief Executive and the other members of the Executive Team and are all employed by the Association. The Executive Officers hold no interest in the Association's shares and act as executives within the authority delegated by the Board. Executive Officers are employed on the same terms as other staff; however, their notice period is three months.

Name	EHA Parent	EEL Subsidiary
Mr N J Istephan, BA (Hons), Mphil, CIHCM Secretary and Chief Executive	✓	✓
Mrs L Mirley, BA (Hons), ACMA Assistant Secretary and Director of Business Support	✓	
Mrs A Miller, FCIH Director of Community Services	✓	
Mr N Wilson-Prior Director of Property Assets	✓	

The Standing Orders also detail the level of delegated powers that can be given to the Executive Officers.

The Executive Officers along with the Board of Directors are the key management personnel of the Association and the Group.

11. BOARD EFFECTIVENESS

Board Training

Prior to formally joining the Board, prospective members are invited to attend meetings to familiarise themselves with the way in which business is conducted. Following appointment to the Board, there is an opportunity to participate in an initial induction training programme for new members, carried out by Executive Officers, which includes the following:

- Governance Manual//Handbook
- The Role of a Board Member
- Eildon's 5 Year Strategic Plan
- Key Issues for Eildon
- Site Visits

Board Members are encouraged to undertake a range of training opportunities to assist them in discharging their responsibilities. New Board Members are also assigned a more experienced colleague to act as a mentor in their first year.

The process is ongoing whereby internal and external training sessions are delivered by senior staff and invited guest speakers as part of an annual schedule of meetings, site visits and events. Annually the Board carry out a review of the skills, training needs, succession planning and recruitment needs of the governing body.

Board Member Reviews

Annually the Chair will meet with all Board Members individually to review the Board and their performance and identify any additional training requirements, or opportunities for the Board Member to enhance their contribution to the Board.

Governance Action Plans

As a result of the review process the Chair, with the support of the Company Secretary and Governance Officer, prepares and presents a report outlining the high-level findings from the reviews and identifying any required Governance Action Plan for the following year.

12. STRATEGIC MANAGEMENT

The Board are responsible for agreeing the strategic objectives of the organisation, the policies required to achieve those objectives and the monitoring mechanisms required to ensure targets and programmes are being met.

Each year the Board Members and Executive Officers have a two-day event to look at the strategic objectives of the organisation and to consider what events and objectives are likely to affect our overall business performance and activities. These events will involve the attendance of external speakers in order to broaden the input into the Board discussion.

Topics covered at this event in October 2023 included:

- Governance
- Placemaking
- Cost of Living Challenge
- The Battle for Talent
- Social Care and the National Care System
- Sector Outlook and Future Direction

This event informed the options considered for Eildon to adapt to the changing economic and operating environment and therefore the subsequent updating of the annual strategic implementation plan, annual budget created and longer-term financial viability plans. These components of our corporate planning framework were then quantified, stress tested and presented to the Regulator.

13. POLICY FRAMEWORK

The Group uses a policy and procedure framework to ensure that it has relevant and regularly reviewed policies that apply to the organisation. There is a policy toolkit to support the development and review of these policies. Policies are categorised as Governance, Strategic, Management, Staff, Board Member or Staff and Board Member.

Key Documents

In addition to the policies and procedures there are a number of key documents that are maintained including Codes of Conduct for Staff Members and for Board Members, Property Asset Management Strategy, Risk Management Strategy and Standing Orders.

Accounting Policies

The Group's principal accounting policies are set out in pages 40 to 48 of the financial statements. These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102).

Credit Payment Policy

The Group's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is within 30 days (2023: 30 days).

14. INTERNAL CONTROL FRAMEWORK

The Group operates the “Eildon Audit Loop” to provide a robust approach to assuring the Board Members and Executive Officers that the internal control framework is operating effectively. This “Loop” involves:

	Appointed by	Audit Responsibilities	Audit work of
External Audit	Shareholders at AGM	Statement of Internal Control, Annual Reports and Financial Statements	Board
Outsourced Internal Audit	Board	Internal Audit Annual Report Annual Performance Board Information	Executive Officers
In-house Internal Audit	Executive Officers	Internal Audit Topics based on Audit & Risk Committee agreed programme	Operational Teams

This level of scrutiny combined with the robust quarterly performance reports to Board on financial, performance indicators and delivery of the strategic implementation plan provides the Board and sub-committees with a significant level of assurance.

15. RISK MANAGEMENT

The Group operates within a Risk Management Strategy and reports on a semi-annual basis to the Audit and Risk Committee the outcome of the periodic reviews of the Strategic Risk Register to ensure that these are being managed appropriately.

During 2023 the Board and the Executive Officers fully reviewed and updated the Strategic Risk Register which contains the risks listed below:

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure to deliver the quality of services required by our customers/tenants and regulators (SHR, Care Inspectorate)	♦ Ensure properties we keep our properties repaired and maintained in line with industry, regulatory and legal standards. ♦ Ensure Care Quality Assurance Framework operating effectively. ♦ Ensure that we have appropriate policies and procedures for all of our service delivery areas. ♦ Proactively identifying potential areas of service failure through data analytics and customer feedback mechanisms. ♦ Effectively engage with our customers & maximise opportunities to improve engagement with customers.	Moderate

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Fail to manage our finances effectively to ensure Eildon's long-term financial viability, strength & stability of all our service areas	♦ Ensure the financial control frameworks are operating effectively ♦ Ensure that the financial planning processes are robustly applied and reported to Board, with realistic underlying assumptions and ability to adapt to changes in government spending plans and funding streams ♦ Ensure adequate insurance policies in place that take account of changing risk environment ♦ Securing affordable loan funding in line with long term financial planning and ensure compliance with loan covenants	Moderate
Fail to ensure Eildon can adapt to changes in policy, regulatory and legislative environment (Regional / National / International)	♦ Ensure strategic planning processes are flexible and through the annual review of these plans by the Board, these are updated to take account of wider environmental considerations ♦ Ensuring effective use of performance information to inform decision making ♦ Ensure effective partnerships in place to capture the environmental “signals” early	Moderate
Inability to Recruit & Retain the Right people (including Board, Executive, & Staff)	♦ Ensure Eildon is seen as employer of choice undertaking Tri-ennial Review of Pay and Benefits to keep offerings relevant and competitive ♦ Ensure colleague resources and skills are aligned to the needs and future strategic plans of the organisation ♦ Ensure that we have continuous programmes of training and development for our workforce and ensure our leaders have the skills to be responsive and effective to the changing environment. ♦ Ensure Eildon develops and maintains robust and relevant policies and procedures: - to comply with employment law and / or other staff related regulatory requirements, and - for our colleagues to work safely and securely	Moderate

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure to sustain, grow and expand our services in a manner which contributes to the overall growth objectives and viability of Eildon.	♦ Maintain an effective asset management and investment strategy ♦ Ensure appropriate use of programme and project management arrangements to effectively manage the delivery of improvement and expansion projects ♦ Our growth ambition is embedded in the strategic plan, our medium and long term viability plan and associated strategies ♦ Continual engagement with partners (existing & new) to work together to develop sustainable opportunities for the future ♦ Ensuring transparency within financial analysis to ensure full understanding of financial implications as part of decision making ♦ Ensuring our management culture is open to new ideas and ways of working	Moderate
Failure of supply chain and other external factors (including insufficient HAG funding levels) which curtails housing asset maintenance and stock expansion objectives	♦ Ensure correctly procured and appropriate contracts in place ♦ Effective project management throughout delivery and implementation of new supply contracts to ensure that prompt identification and management of issues ♦ Effective asset, investment, and treasury management strategies to ensure contracts and financial resources are in place when required	Severe
Failure to ensure the safety and wellbeing of our customers, people, and partners	♦ Dedicated in-house H&S Manager ♦ Health & Safety Manual reflects updated risks and measures required to mitigate these ♦ Ensuring maintenance procedures & controls, and our Design Guide are regularly reviewed to ensure they reflect changes to requirements ♦ H&S Compliance Dashboard to track compliance activity ♦ Eildon Occupational Safety & Health Group (EOSH) oversight to identify and escalate H&S issues ♦ Monitor regulatory changes and engage in the national debate to get early sight of potential implications of regulatory changes	Major

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure of our processes, procedures, and Digital Infrastructure to prevent major service disruption and/or data loss	♦ Ensure appropriate firewall and network security is in place and regularly updated ♦ Effective data and IT security policies and procedures are in place and regularly reviewed and updated ♦ Ensure timely patching of corporate software applications ♦ Governance Information Forum in place with responsibility for oversight of data governance compliance and improvement activities ♦ Data Protection and Information Officer oversight of all data processing and Data Protection Impact Assessments ♦ Cyber insurance policy in place which includes recovery support ♦ Utilisation of phishing software which incorporates regular staff training	Major
Failure to secure finance for and/or delivery of the expected objectives and benefits from sustainability and decarbonisation initiatives in line with national and local targets.	♦ Sustainability Strategy with an action plan approved by Board to direct priorities for investment ♦ Sustainability Annex incorporated into the Asset Management Strategy ♦ Sustainability Officer in place to monitor and capture regulatory and government changes and initiatives and work to secure funding	Moderate

As part of the semi-annual reporting to the Audit and Risk Committee, each of these risks is reviewed and an assurance update is provided with evidence of controls and/or actions being taken to manage or mitigate the risks. The links to actions in the strategic implementation plan are also contained within the assurance update provided to the Committee. Finally, the review highlights whether there is no change in the after-risk score, or if there is then why this is the case.

The application of the Risk Management Policy and Strategy is subject to internal audit review by the outsourced internal auditors as part of a cycle of regular reviews.

16. BANKER, SOLICITORS AND AUDITORS

			EHA Parent	EEL Subsidiary
Banker	Bank of Scotland 3 Channel Street Galashiels TD1 1BE		✓	✓
Auditor (External)	CT Chartered Accountants and Statutory Auditors 61 Dublin Street Edinburgh EH3 6NL		✓	✓
Auditor (Internal)	TIAA Chartered Accountants Artillery House Fort Fareham Newgate Lane Fareham PO14 1AH		✓	✓
Solicitors	TC Young LLP Merchant House 7 West George Street Glasgow G2 1BA	Harper Macleod LLP The Ca'd'oro 45 Gordon Street Glasgow G1 3PE	✓	✓

Following a tender exercise in early 2023, the Board confirmed the appointment of CT as the external auditors and TIAA (The Internal Audit Agency) as the new internal auditors.

17. AGM

The AGM will be held on Wednesday 4 September 2024 at the Weaving Shed, Dunsdale Road, Selkirk.

18. STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Board is aware, there is no relevant audit information of which the Association's auditors are unaware, and each member of the Board has taken all the steps that they ought to have taken, as a member of that body, in order to make themselves aware of any relevant audit information and to establish that auditors are aware of this information.

F

Statement of Going Concern

Through the Executive Officers, the Board has reviewed and discussed the various aspects of the Association as a going concern and its liquidity. The review covered the following items:

- The Annual Budget including Cashflow to 31 March 2025
- The 5 Year Viability Plan including Cashflow to 31 March 2029 that is scrutinised by the Regulator
- The 60 Year Plan including Cashflow to 2084

Based on these documents and the following facts:

- There is no sign of impairment of the housing stock through increased voids
- 68% of the turnover is rent related
- 12% of the turnover is care or support income from the local authority
- 10% of the turnover is grants from the Scottish Ministers
- There is a development programme backed by the Scottish Government
- The Association does not trade abroad
- The loan portfolio is 77% fixed mostly at favourable rates (80% if interest swap is taken into account).
- The Association has, at 31 March 2024, 541 unencumbered properties
- The Association has, at 31 March 2024, £5.4m in cash
- The Reserves of the Association are over £26.8m

In 2024/25 the Association will utilise a new borrowing facility of £15m along with its cash balances to the development programme.

The Board has no reason to believe that the Association will not still be a going concern well beyond 12 months from the signing date of these Annual Financial Statements.

G

Statement of Internal Financial Controls

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- Reliability of financial information used within the Group or for publication
- Maintenance of proper accounting records
- Safeguarding of assets against unauthorised use or disposition

It is the Board'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 include ensuring that:

- The Association's range of internal control activities comply with requirements contained in the Scottish Housing Regulator's guidance.
- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff to take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable, and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees.
- The Board reviews reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.

Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board has reviewed the effectiveness of the system of internal financial controls that exist in the Association for the year ended 31 March 2024 and until the date of signing of the financial statements. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Approved by the Board of Management on 26 June 2024 and signed on their behalf by:



Mr N J Istephan, Secretary

Independent Auditor's Report to the Members of Eildon Housing Association Limited

CT:

Opinion

We have audited the financial statements of Eildon Housing Association Limited (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2024 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, Group Statement of Changes in Reserves, the Group and Association Statement of Cash Flows and the related notes, 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 Association's and the Group's affairs as at 31 March 2024 and of the Association's and the Group's income and expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements 2019.

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 FRC'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'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 with respect to 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 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.

Independent Auditor's Report to the Members of Eildon Housing Association Limited

CT:

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 18, 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 determine 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.

Independent Auditor's Report to the Members of Eildon Housing Association Limited

CT:

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks.
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- 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 2019, 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 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. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Eildon Housing Association Limited

CT:

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



CT
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL
07 August 2024

**BY THE AUDITORS TO THE MEMBERS OF EILDON HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS****CT:**

In addition to our audit of the Group Financial Statements, we have reviewed your statement on page 29 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 29 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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 Group 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 Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



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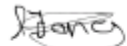
Statement of Comprehensive Income

for the Year Ended 31 March 2024

GROUP		2024	2023
	Notes	£'000	£'000
Turnover	2	22,921	20,274
Less: operating expenditure	2	18,192	16,100
Operating surplus		4,729	4,174
Gain on disposal of property, plant & equipment	7	(65)	22
Interest receivable	8	215	101
Interest and financing costs	9	(3,923)	(3,237)
Movement in fair value of financial instruments	18	77	522
Surplus before tax		1,033	1,582
Taxation	10	-	(3)
Surplus for the year	6	1,033	1,579
Re-measurement caused by actuarial valuation	19	(872)	80
Total comprehensive income for the year		161	1,659

ASSOCIATION		2024	2023
	Notes	£'000	£'000
Turnover	2	22,826	20,200
Less: operating expenditure	2	18,185	16,096
Operating surplus		4,641	4,104
Income from group undertakings		88	52
Gain on disposal of property, plant & equipment	7	(65)	22
Interest receivable	8	215	101
Interest and financing costs	9	(3,923)	(3,237)
Movement in fair value of financial instruments	18	77	522
Surplus for the year	6	1,033	1,564
Re-measurement caused by actuarial valuation	19	(872)	80
Total comprehensive income for the year		161	1,644

The financial statements on pages 35 to 37 were approved by the Board of Management and authorised for issue and were signed on its behalf by:


Ms C Fancy
(Chair)

Date: 26 June 2024


Mr B Frater
(Vice-Chair)


Mr N J Istephan
(Secretary)

Statement of Financial Position

as of 31 March 2024

	Notes	GROUP		ASSOCIATION	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Housing properties	12	270,973	257,297	270,973	257,297
Other fixed assets	13	4,380	3,606	4,380	3,606
Fixed asset investments	14	230	275	230	275
		275,583	261,178	275,583	261,178
Current assets					
Trade and other debtors	15	1,256	1,971	1,340	2,100
Cash and cash equivalents		5,632	16,651	5,417	16,392
		6,888	18,622	6,757	18,492
Current liabilities					
Creditors amounts falling due within one year	16	(7,962)	(5,640)	(7,955)	(5,634)
		(7,962)	(5,640)	(7,955)	(5,634)
Net current (liabilities)/assets		(1,074)	12,982	(1,198)	12,858
Total assets less current liabilities		274,509	274,160	274,385	274,036
Creditors: amounts falling due more than one year					
Pension creditor	17	(1,510)	(638)	(1,510)	(638)
Other creditors	17	(91,074)	(92,806)	(91,074)	(92,806)
	17	(92,584)	(93,444)	(92,584)	(93,444)
Deferred income					
Social housing grants	20	(154,552)	(154,012)	(154,552)	(154,012)
Other grants	20	(485)	23	(485)	23
		(155,037)	(153,989)	(155,037)	(153,989)
Total net assets		26,888	26,727	26,764	26,603
Capital and reserves					
Share capital	25	-	-	-	-
Revenue reserves		26,888	26,727	26,764	26,603
Total reserves		26,888	26,727	26,764	26,603

The financial statements on pages 35 to 37 were approved by the Board of Management and authorised for issue and were signed on its behalf by:



Ms C Fancy
(Chair)



Mr B Frater
(Vice-Chair)



Mr N J Istephan
(Secretary)

Date: 26 June 2024

Consolidated Statement of Changes in Reserves

for the Year Ended 31 March 2024

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance at 1 April 2023	26,727	25,068	26,603	24,959
Other comprehensive income for the year	161	1,659	161	1,644
Balance at 31 March 2024	26,888	26,727	26,764	26,603

Cash Flow Statement

for the Year Ended 31 March 2024

	Notes	GROUP		ASSOCIATION	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Net cash inflow from operating activities	A	8,299	2,862	8,343	2,763
Investing activities					
Acquisition and construction of properties		(18,300)	(26,953)	(18,300)	(26,953)
Purchase of tangible fixed assets		(1,001)	(78)	(1,001)	(78)
Social Housing Grant received		3,645	12,317	3,645	12,317
Other capital grants received		310	-	310	-
Proceeds on disposal of properties		309	22	309	22
Interest received on cash and cash equivalents		215	101	215	101
Net cash outflow from investing activities		(14,822)	(14,591)	(14,822)	(14,591)
Financing activities					
New secured loans		412	5,000	412	5,000
Interest paid on loans		(3,060)	(583)	(3,060)	(583)
Loan principal repayments		(1,848)	(431)	(1,848)	(431)
Share capital issued		-	-	-	-
Net cash inflow/(outflow) from financing		(4,496)	3,986	(4,496)	3,986
Increase/(Decrease) in cash		(11,019)	(7,743)	(10,975)	(7,842)
Opening cash and cash equivalents		16,651	24,394	16,392	24,234
Closing cash and cash equivalents		5,632	16,651	5,417	16,392

Cash Flow Statement

for The Year Ended 31 March 2024 (Continued)

A. Net Cash Inflow from Operating Activities

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Surplus for the year	161	1,659	161	1,644
Depreciation of tangible fixed assets	4,801	3,833	4,801	3,833
Amortisation of capital grants	(2,364)	(2,263)	(2,364)	(2,263)
Change in debtors	49	(32)	93	(113)
Change in creditors	1,084	(2,850)	1,084	(2,850)
Taxation	-	3	-	-
Loss/(Gain) on disposal of property, plant & equipment	65	(22)	65	(22)
Interest paid	3,923	3,237	3,923	3,237
Interest received	(215)	(101)	(215)	(101)
Movement in fair value financial instrument	(77)	(522)	(77)	(522)
Actuarial loss in respect of pension scheme	872	(80)	872	(80)
Balance as at 1 April	8,299	2,862	8,343	2,763

B. Analysis of Changes in Net Debt

	Long Term	Short Term	Total Liabilities	Cash & Equivalents	Total Net Debt
As at 1 April 2023	91,627	982	92,609	(16,651)	75,958
Cash Flows	(1,266)	413	(853)	11,019	10,166
As at 31 March 2024	90,361	1,395	91,756	(5,632)	86,124

Notes to the Consolidated Financial Statements

for the Year Ended 31 March 2024

1. Principal Accounting Policies 2024

(i) Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the company's registered office and principal place of business is The Weaving Shed, Dunsdale Road, Selkirk, TD7 5EB.

The Association's principal activities and the nature of the Association's operations are detailed on page 17.

(ii) Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), the Housing SORP 2014 'Statement of Recommended Practice for Registered Housing Providers' and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

The financial statements are prepared in sterling (£).

(iii) Estimation Uncertainty

Preparation of the financial statements requires the Board to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts, and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below:

- Valuation of housing property – see x) Tangible Fixed Assets
- Valuation of investment property – see x) Tangible Fixed Assets
- Useful lives of housing property – see xv) Depreciation and Impairment
- Components of housing properties – see xv) Depreciation and Impairment
- Allocation of costs for mixed tenure developments – see x) Tangible Fixed Assets
- Allocation of costs for shared ownership – see x) Tangible Fixed Assets
- The measurement of the recoverable amount of assets for impairment reviews – see xv) Depreciation and Impairment
- Recoverable amount of rent arrears and other debtors – see xviii) Financial Instruments
- Pension provision – see xix) Pensions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Going Concern

Based on the statement of going concern set out on page 28 of the financial statements, and after reviewing detailed cash flow projections and taking account of bank facilities and making such further enquiries as they consider appropriate, the Board are satisfied the Association has adequate resources to continue to operate within its facilities for the foreseeable future until new funding is obtained. The Board have no reason to doubt this will be available. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

(v) Basis of Consolidation

The Group financial statements consolidate the financial statements of Eildon Housing Association Ltd and its subsidiary company Eildon Enterprise Ltd using acquisition accounting.

(vi) Turnover and Revenue Recognition

Turnover comprises rental and service charge income receivable in the period; income from shared ownership first tranche sales; sale of properties built for sale, other services provided at the invoice value (excluding VAT); and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

(vii) Other Income

Interest and investment income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment income is recognised on an accruals basis.

(viii) Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts 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.

(ix) Private Finance

Private finance loans are advanced by private lenders and local authorities under the terms of individual mortgage deeds in respect of each property. Advances are available only in respect of those developments which have been given approval for Social Housing Grant (SHG) by The Scottish Housing Regulator.

All borrowing costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(x) Tangible Fixed Assets - Housing Properties (Note 12)

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Housing properties for let are stated at historic cost less accumulated depreciation and impairment losses. The development costs of housing properties funded with traditional SHG or under earlier funding arrangements include the following:

- Cost of acquiring land and buildings
- Development expenditure including accruals for retentions, fees, and other appropriate costs

Allocation of costs for mixed tenure developments is done on a pro-rata basis.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income
- A material reduction in future maintenance costs
- A significant extension to the life of the property

Works to existing properties which fail to meet the above criteria are charged to the income and expenditure account.

Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown below in the depreciation section.

An annual impairment exercise takes place on housing properties which involves estimating the value in use of each cash generating unit subdivided into geographical areas. This estimate is carried out using a discounted cash flow model to determine the Net Present Value (NPV) of the assets over a 30-year period.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

(xi) Other Fixed Assets (Note 13)

Other fixed assets are capitalised at the point of purchase when the cost of the items is £750 or above or is reckoned to have a useful economic life at or greater than the relevant depreciation rate and it has second hand resale value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(xii) Donated Land (Note 12)

Land or other assets which have been donated by a government source is added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

(xiii) Social Housing Grant (SHG) (Note 20)

Government grants include grants receivable from the Scottish Government, local authorities, and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

(xiv) Other Grants (Note 20)

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

(xv) Depreciation and Impairment (Notes 12 and 13)

Housing properties are deemed to consist of several components each with different life spans and therefore different rates of depreciation. Depreciation is charged so as to write down the cost to net realisable value (net of social housing and other grants) residual value on a straight line basis over their expected useful economic lives. Freehold land is not depreciated. The life spans and rates per component are:

Housing Property Assets (Components)	Life in Years	Rate as a %
Building incl. Roofs & Wiring	80	1.25%
Windows & Doors 50	50	2.00%
Windows & Doors 40	40	2.50%
Windows & Doors 30	30	3.33%
Lifts	30	3.33%
Bathrooms	30	3.33%
Heating systems	30	3.33%
Kitchens	20	5.00%
Electric heating	20	5.00%

It is expected that, from experience gained, in future years there may be a range of lifespans and rates for makes and types of components, e.g., boilers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Association charges depreciation on its commercial property so as to write down the costs other than freehold land to their estimated residual value on a straight-line basis over their expected economic lives at a rate of 2% per annum.

For the Association's registered office, the basic building is written down at 2%. However, for certain components the economic lives are believed to be less than 50 years and for these the following straight-line rates are used:

Registered Office Components	Life in Years	Rate as a %
Building	50	2.00%
Lift	30	3.33%
Electrical fittings	20	5.00%
Boilers and chillers	20	5.00%
Carpets	15	6.66%

Other fixed assets are depreciated over their estimated useful lives, using the following straight-line rates:

Other Fixed Assets	Life in Years	Rate as a %
Furniture & fittings	10	10.00%
Other equipment	5	20.00%
Information technology	4	25.00%
Motor vehicles	4	25.00%

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(xvi) Investment Property (Note 13)

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

(xvii) Sale of Housing Properties (Notes 7, 12 and 14)

Properties are disposed of under the appropriate legislation and guidance. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

(xviii) Financial Instruments (Note 17)

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

A provision for doubtful debts is made against all former tenants rent arrears and the arrears balances of all current tenants that have arrears over three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial assets and liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Debt instruments that do not meet the conditions in FRS 102, paragraph 11.9, are subsequently measured at fair value through income and expenditure. Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied, and the hedge is a cash flow hedge.

To qualify for hedge accounting, the Association documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

The Association elects to adopt hedge accounting for interest rate swaps where:

- The interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item
- The hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e., to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates)
- The change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair value hedge - hedge of fixed interest rate risk

Where an interest rate swap that converts fixed rate debt into variable rate debt qualifies for hedge accounting, it is accounted for as a fair value hedge and changes in the fair value of the interest rate swap are recorded in income and expenditure. The change in the fair value of the fixed rate debt that is attributable to the fixed interest rate risk is also recorded in income and expenditure and adjusts the carrying amount of the fixed rate debt. Net cash settlements on the interest rate swap are recognised in income and expenditure in the period(s) when the net settlements accrue.

When a fixed to floating interest rate swap expires, is sold, terminated, or exercised, or when the conditions for hedge accounting are no longer met or the Association documents its election to discontinue hedge accounting, any cumulative fair value gains or losses adjusted against the carrying amount of the fixed rate debt are amortised to income and expenditure using the effective interest method.

Cash flow hedge - hedge of variable interest rate risk

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in income and expenditure. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised in income and expenditure in the period(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified to income and expenditure when the variable rate interest is recognised in income and expenditure.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated, or exercised, or when the conditions for hedge accounting are no longer met or the Association documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to income and expenditure, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

(xix) Pensions (Note 23)

The Association participates in a funded multi-employer defined benefit scheme, the Scottish Housing Associations' Pension Scheme (SHAPS). It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2018 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A liability for the Association's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Historically the scheme was accounted for as a defined contribution scheme as there was insufficient information for each social landlord's share of SHAPS to allow for defined benefit accounting. The liability previously recognised for the present value of the social landlord's deficit funding agreement has been derecognised. The difference between the deficit funding agreement liability, historically recognised for SHAPS, and the net defined benefit deficit for SHAPS, has been recognised in other comprehensive income. This accounting policy change has been accounted for in accordance with FRED 71: Draft Amendments to FRS 102: Multi-employer defined benefit plans as a matter of best practice. FRED 71 is an exposure draft and has not yet been implemented into financial reporting standards.

(xx) Leasing

Rentals paid and received under operating leases are charged and credited respectively to income and expenditure on a straight-line basis over the term of the lease.

(xxi) VAT

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

(xxii) Subsidiary

Eildon Enterprise Ltd is incorporated as a company limited by guarantee.

(xxiii) Taxation (Note 10)

The Association is recognised by the Inland Revenue as a charity for taxation purposes. This results in no liability to corporation tax in the year.

The Group incurs liability to pay corporation tax through its subsidiary Eildon Enterprise Ltd.

(xxiv) Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to five days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit

GROUP

		Turnover	2024 Operating Costs	Operating Surplus/ (Deficit)	2023 Operating Surplus/ (Deficit)
	Notes	£'000	£'000	£'000	£'000
Affordable letting activities	3	19,168	14,095	5,073	4,715
Other activities	4	3,753	4,097	(344)	(541)
Total 2024		22,921	18,192	4,729	4,174
Total 2023		20,274	16,100	4,174	

ASSOCIATION

		Turnover	2024 Operating Costs	Operating Surplus/ (Deficit)	2023 Operating Surplus/ (Deficit)
	Notes	£'000	£'000	£'000	£'000
Affordable letting activities	3	18,780	13,900	4,880	4,645
Other activities	4	4,046	4,285	(239)	(541)
Total 2024		22,826	18,185	4,641	4,104
Total 2023		20,200	16,096	4,104	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities

GROUP

		2024			2023
	General Needs Social Housing £'000	Supported Social Housing Accom £'000	Shared Ownership Accom £'000	Total £'000	Total £'000
Rent receivable net of service charges	14,136	1,043	187	15,366	13,810
Service charges	519	1,148	1	1,668	1,130
Gross income from rents and service charges	14,655	2,191	188	17,034	14,940
Less voids	139	67	2	208	176
Net income from rents and service charges	14,516	2,124	186	16,826	14,764
Amortised grant	2,042	266	34	2,342	2,250
Non-rental income	2,042	266	34	2,342	2,250
Total turnover from affordable letting activities	16,558	2,390	220	19,168	17,014
Management and maintenance administration costs	4,192	484	47	4,723	4,977
Service costs	526	1,003	12	1,541	1,178
Planned & cyclical maintenance including major repairs	914	110	5	1,029	847
Reactive maintenance costs	1,692	196	-	1,888	1,409
Other property costs	206	30	4	240	40
Bad debts – rents and service charges	125	-	-	125	81
Depreciation of affordable let properties	4,046	460	43	4,549	3,767
Operating costs for affordable letting activities	11,701	2,283	111	14,095	12,299
Operating surplus for affordable letting activities	4,857	107	109	5,073	4,715
Operating surplus for affordable letting activities for 2023	4,674	(80)	121	4,715	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities (Cont'd)

ASSOCIATION

	2024			2023	
	General Needs Social Housing £'000	Supported Social Housing Accom £'000	Shared Ownership Accom £'000	Total £'000	Total £'000
Rent receivable net of service charges	13,747	1,043	187	14,977	13,418
Service charges	519	1,148	1	1,668	1,130
Gross income from rents and service charges	14,266	2,191	188	16,645	14,548
Less voids	138	67	2	207	174
Net income from rents and service charges	14,128	2,124	186	16,438	14,374
Amortised grant	2,042	266	34	2,342	2,250
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Other	-	-	-	-	-
Non-rental income	2,042	266	34	2,342	2,250
Total turnover from affordable letting activities	16,170	2,390	220	18,780	16,940
Management and maintenance administration costs	4,083	484	47	4,614	4,973
Service costs	514	1,002	12	1,528	1,178
Planned & cyclical maintenance including major repairs	900	110	5	1,015	847
Reactive maintenance costs	1,641	196	-	1,837	1,409
Other property costs	198	30	4	232	40
Bad debts – rents and service charges	125	-	-	125	81
Depreciation of affordable let properties	4,046	460	43	4,549	3,767
Operating costs for affordable letting activities	11,507	2,282	111	13,900	12,295
Operating surplus for affordable letting activities	4,663	108	109	4,880	4,645
Operating surplus for affordable letting activities for 2023	4,604	(80)	121	4,645	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities

GROUP	2024						2023
	Grants from Scottish Ministers	Supporting People Income	Other Income	Total Turnover	Other Operating Costs	Operating Surplus/ (Deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wider role activities to support the community	-	-	10	10	12	(2)	56
Care & Repair	275	-	74	349	317	32	97
Factoring	-	-	13	13	21	(8)	(3)
Support activities	-	-	324	324	308	16	21
Care activities	-	144	2,674	2,818	3,182	(365)	(290)
Contracted out services undertaken for registered social landlords	-	-	5	5	6	(1)	3
Contracted out services undertaken for other organisations	-	-	17	17	18	(1)	1
Uncapitalised development administration costs	-	-	-	-	183	(183)	(452)
Other activities	-	-	217	217	50	167	26
Total from other activities	275	144	3,334	3,753	4,097	(344)	(541)
Total from other activities for 2023	339	138	2,783	3,260	3,801	(541)	

ASSOCIATION	2024						2023
	Grants from Scottish Ministers	Supporting People Income	Other Income	Total Turnover	Other Operating Costs	Operating Surplus/ (Deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wider role activities to support the community	-	-	10	10	12	(2)	56
Care & Repair	275	-	74	349	317	32	97
Factoring	-	-	13	13	21	(8)	(3)
Support activities	-	-	324	324	308	16	21
Care activities	-	144	2,674	2,818	3,182	(364)	(290)
Contracted out services undertaken for registered social landlords	-	-	5	5	5	-	3
Contracted out services undertaken for other organisations	-	-	17	17	18	(1)	1
Uncapitalised development administration costs	-	-	-	-	183	(183)	(452)
Inter-company service level agreement	-	-	294	294	189	105	261
Other activities	-	-	216	216	50	166	26
Total from other activities	275	144	3,627	4,046	4,285	(239)	(280)
Total from other activities for 2023	339	138	3,099	3,576	3,856	(280)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Accommodation in Management

GROUP & ASSOCIATION

	2024 (Units)	2023 (Units)
The number of units of accommodation in management at the year-end was:		
General needs housing	2,770	2,614
Shared ownership	52	56
Supported housing	244	207
Total units in management	3,066	2,877

6. Surplus/(Deficit) for the Year

	GROUP		ASSOCIATION	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Surplus is stated after charging:				
Depreciation of housing properties	4,102	3,776	4,102	3,776
Depreciation of other tangible fixed assets	227	170	227	170
Surplus/(loss) on disposal of tangible fixed assets	(65)	22	(65)	22
Fees payable to CT and its associates in respect of both audit and non-audit services are as follows:				
Audit related assurance services	27	27	25	25
Taxation compliance services	1	1	-	-
	28	28	25	25

7. Gain on Disposal of Plant & Equipment

GROUP & ASSOCIATION

	2024 Total £'000	2023 Total £'000
Housing properties		
Net proceeds	306	114
Less asset cost and recycled grant	(328)	(72)
Accumulated depreciation	(43)	(20)
	(65)	22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Interest Receivable

GROUP & ASSOCIATION

	2024 £'000	2023 £'000
Bank deposit interest	215	101

9. Interest and Financing Costs

GROUP & ASSOCIATION

	2024 £'000	2023 £'000
Loan interest		
Interest payable	3,923	3,237
Pension deficit movement	(872)	80

10. Taxation

ASSOCIATION

The Association is recognised by the Inland Revenue as a charity for taxation purposes. This results in no liability to corporation tax in the year.

GROUP

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2024 £'000	2023 £'000
Tax charge in the year	-	3
Tax credit on profit on ordinary activities	-	3

In common with many other businesses of our size and nature we use a firm related to our auditors, CT, to prepare and submit returns to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Employees

GROUP & ASSOCIATION

Officers' emoluments

	2024 £'000	2023 £'000
Aggregate emoluments (excluding pension contributions, but including National Insurance contributions) for all directors employed during the year (four) as detailed on page 21.	468	442
The emoluments of the Chief Executive (excluding pension contributions, but including National Insurance contributions)	132	125
Aggregate pension contributions in relation to the above key management personnel	37	35

No payments or fees or other remuneration was made to the Board Members during the year.

The number of directors whose emoluments (excluding pension contributions, but including National Insurance contributions) paid were:

	No.	No.
£130k - £140k	1	-
£120k - £130k	-	1
£110k - £120k	3	-
£100k - £110k	-	3

GROUP & ASSOCIATION

	2024 £'000	2023 £'000
Staffing costs:		
Salaries	6,347	5,536
Social security costs	576	516
Defined contribution pension costs	235	452
Defined benefit pension deficit	284	284
Agency staffing cost	45	60
	7,487	6,848

	No.	No.
Average monthly number of employees (full time equivalent)		
Office based	92	88
Project based	83	83
Total	175	171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Tangible Fixed Assets – Housing Properties

GROUP & ASSOCIATION

	Held for Let £'000	Completed Properties Shared Ownership £'000	Under Construction Held for Let £'000	Total £'000
COST				
At 1 April 2023	254,662	2,310	49,867	306,839
Additions – new & existing stock	2,211	-	13,802	16,013
Additions – component replacement	2,515	-	-	2,515
Transfers	33,300	-	(33,300)	-
Disposal – existing stock	-	(82)	(597)	(679)
Disposal – component replacement	(353)	-	-	(353)
At 31 March 2024	292,335	2,228	29,772	324,335
DEPRECIATION				
At 1 April 2023	48,558	984	-	49,542
Charge	4,059	43	-	4,102
Disposal – existing stock	-	(43)	-	(43)
Disposal – component replacement	(239)	-	-	(239)
At 31 March 2024	52,378	984	-	53,362
Net book value at 31 March 2024	239,957	1,244	29,772	270,973
Net book value at 31 March 2023	206,104	1,326	49,867	257,297

During the year the amount of works to existing properties that were capitalised was £2,515k (2023 - £1,274k), out of a total spend of £5,381k (2023 - £3,844k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Tangible Fixed Assets – Other Fixed Assets

GROUP & ASSOCIATION

	Furniture & Fittings £'000	Other Equipment £'000	Information Technology £'000	Motor Vehicles £'000	Heritable Property £'000	Total £'000
COST						
At 1 April 2023	64	46	516	174	3,993	4,793
Additions	55	-	50	-	896	1,001
Disposal	-	-	-	-	-	-
At 31 March 2024	119	46	566	174	4,889	5,794
DEPRECIATION						
At 1 April 2023	3	46	401	156	581	1,187
Charge for year	16	-	68	18	125	227
Disposal	-	-	-	-	-	-
At 31 March 2024	19	46	469	174	706	1,414
Net book value at 31 March 2024	100	-	97	-	4,183	4,380
Net book value at 31 March 2023	61	-	115	18	3,412	3,606

14. Fixed Asset Investments

GROUP & ASSOCIATION

	2024 £'000	2023 £'000
Heritable investment property	230	275

In 2013/14 the three commercial properties; one in Galashiels, one in Peebles and one in Denholm were valued by Allied Surveyors Scotland plc. The market value was estimated to be £275k for existing use as office accommodation or shops. During the year, there was a disposal of a property valued at £45k, resulting in a final property valuation of £230k at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Debtors

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rental debtors	1,034	912	1,029	909
Provision for bad debts	(653)	(577)	(653)	(577)
	381	335	376	332
SHG receivable	-	768	-	768
Other debtors	670	667	670	667
Owed by group undertakings	-	-	89	132
Prepayments and accrued income	205	201	205	201
	1,256	1,971	1,340	2,100

16. Creditors – Amounts Falling Due Within One Year

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Housing loans (Note 17)	1,395	984	1,392	984
Rent & services charged in advance	292	300	292	300
Trade creditors	3,170	1,705	3,170	1,705
Other taxation & social security costs	161	142	161	142
Other creditors	2,094	1,408	2,094	1,408
Deferred income – non-liquid creditors	122	122	122	122
Accruals and deferred income	728	979	724	973
	7,962	5,640	7,955	5,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Creditors – Amounts Falling Due After More Than One Year

GROUP & ASSOCIATION

		2024 £'000	2023 £'000
	Notes		
Bank and building society loans		90,180	91,442
Local authority and other loans		181	183
		90,361	91,625
Other creditors			
Development retentions		546	937
Future pension liability	19	1,510	638
Financial instruments (SWAP)	18	167	244
		2,223	1,819
		92,584	93,444

Other Creditors

Development retentions due for properties currently under construction.

Loans

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest (2023/24 average 4.28%), in instalments due as follows:

GROUP & ASSOCIATION

		2024 £'000	2023 £'000
Due within 1 year: (Note 16)			
Bank and building society loans		1,393	982
Local authority and other loans		2	2
		1,395	984
Due within 1 to 2 years:			
Bank and building society loans		14,351	13,520
Local authority and other loans		2	2
		14,353	13,522
Due within 2 to 5 years:			
Bank and building society loans		15,395	19,764
Local authority and other loans		10	8
		15,405	19,772
Due after 5 years:			
Bank and building society loans		60,434	58,158
Local authority and other loans		169	173
		60,603	58,331
		91,756	92,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Instruments

Due to the nature of the Association's business, the only financial risks the Board consider relevant to the Association are credit, cash flow, interest rate and liquidity risk. The credit and cash flow risks are not considered significant.

Interest Rate Risk

The financial risk management objectives of the Association are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. The Association uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

Liquidity Risk

The Association's liquidity risk is principally managed through financing the Association by means of long-term borrowings.

18. Financial Instruments

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
			£'000	£'000
Financial liabilities				
Long term borrowing	3,000	2,711	3,000	2,634
Interest rate SWAP	-	289	-	366
	3,000	3,000	3,000	3,000
	2024			
	£'000			
Due within 1 year	122			
Due more than 5 years (Note 16)	167			
	289			

The fair values of the fixed rate borrowing, and the interest rate swap have been calculated by discounting the fixed cash flows at the prevailing interest rates at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Future Pension Liability (Provisions)

	2024 SHAPS Pension £'000
Pension	
1 April 2023	(638)
Deficit contribution paid	-
Expense factor	(31)
Change in discount rate and actuarial assumptions	(841)
31 March 2024	(1,510)
	2024 £'000
Due within 1 year	0
Due more than 5 years (Note 19)	(1,510)

The SHAPS provision represents the net present value of the commitment to the multi employee pension scheme in respect of past deficits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Deferred Income

	2024 £'000	2023 £'000
Social housing grants		
Balance as at 1 April 2023	154,012	145,698
Additions	2,875	10,559
Amortisation in year	(2,335)	(2,245)
Balance as at 31 March 2024	154,552	154,012
Other grants		
Balance as at 1 April 2023	(23)	(23)
Additions	485	-
Amortisation in year	23	-
Balance as at 31 March 2024	485	(23)

21. Client Bank Account

Funds held and managed on behalf of Care & Repair clients.

	2024 £'000	2023 £'000
Balance as at 1 April 2023	56	62
Payment to contractors	(630)	(544)
Income*	619	539
Bank Charges	(1)	(1)
Balance as at 31 March 2024	44	56

*Income received by and on behalf of Care & Repair

22. Commitments

GROUP & ASSOCIATION

	2024 £'000	2023 £'000
Capital commitments		
Capital expenditure authorised but not contracted for	55,224	51,200
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,203	10,172

The amount contracted for at 31 March 2024 will be funded from grants approved by the government, financed from private loans, or met from the Association's reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Pensions

Scottish Housing Associations' Pension Scheme

Present values of defined benefit obligation, fair value of assets and defined benefit assets (liability)

	2024	2023
	£'000	£'000
Fair value of plan assets	11,227	12,379
Present value of defined benefit obligation	12,737	13,017
Surplus (deficit) in plan	1,510	(638)
Defined benefit asset (liability) to be recognised	(1,510)	(638)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024 £'000
Defined benefit obligation at start of period	13,017
Expenses	19
Interest expense	614
Actuarial losses (gains) due to scheme experience	119
Actuarial losses (gains) due to changes in demographic assumptions	(83)
Actuarial losses (gains) due to changes in financial assumptions	-
Benefits paid and expenses	(949)
Defined benefit obligation at end of period	12,737

Reconciliation of opening and closing balances of the fair value of plan assets

	2024 £'000
Fair value of plan assets at start of period	12,379
Interest income	583
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(805)
Contributions by the employer	19
Benefits paid and expenses	(949)
Fair value of plan assets at end of period	11,227

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was (£222,000)

Defined benefit costs recognised in statement of comprehensive income (SOCl)

	2024 £'000
Expenses	19
Net interest expense	31
Defined benefit costs recognised in statement of comprehensive income (SOCl)	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Defined benefit costs recognised in other comprehensive income

	2024 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(805)
Experience gains and losses arising on the plan liabilities - gain (loss)	(119)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	83
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(841)
Total amount recognised in other comprehensive income - gain (loss)	(841)

Accounting Disclosures

Eildon Housing Association Ltd participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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 has been put in place to eliminate the deficit which will run 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 was carried out with an effective date of 30 September each year. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 29 February 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deficit contributions

During 2022/23 The Association was advised that following the triennial valuation no further deficit contribution would be required at this time and as from October 2022, we have stopped paying additional amounts. The next triennial valuation will be undertaken based on the position as at 31 March 2025, following which the actuary will project the liabilities and funding position for the pension fund. Until this is complete it is uncertain what the requirement will be in terms of funding any further deficit position. Based on the current market movements it is anticipated that there is a likelihood that further contributions from employers will be required, however it is not possible to calculate the impact of this issue with any accuracy beyond the provision for £1,510k which has been made (Note 19) based on the accounting requirements.

Contingent Liability if Eildon ceases to participate in the Scheme

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total scheme liabilities, scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Other considerations

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, and a date for this has now been set for 2025.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, which is unlikely to be before mid-2025, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

24. Legislative Provisions

Eildon Housing Association Ltd was incorporated in 1974 under the Industrial and Provident Societies Act and is currently incorporated under the Co-operative and Community Benefit Society. Eildon Enterprise Ltd is a company limited by guarantee incorporated under the Companies Act 1985.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Called Up Share Capital

	GROUP		ASSOCIATION	
	2024	2023	2024	2023
Allotted, Issued and Fully Paid: Shares of £1 each				
		£		£
At 1 April 2023	81	78	81	78
Issued in year at par	3	10	3	10
Cancelled in year	(6)	(7)	(6)	(7)
At 31 March 2024	78	81	78	81

The shares were allotted to individuals wishing to become members.

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distribution in the event of winding up. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid thereon becomes the property of the Association. Each member has a right to vote at the members' meetings.

26. Related Party Transactions

Eildon Enterprise Ltd

Eildon Enterprise Ltd (EEL) is a subsidiary of Eildon Housing Association Ltd (EHA). All shares of EEL are held by EHA and the Board Members of EHA make up the majority of the EEL Board.

Mr Nile Istephan, the Secretary and Chief Executive of EHA is also Secretary of EEL.

The Chair, Vice Chair, Secretary and Assistant Secretary of EHA are also Trustees of The Eildon Charitable Trust. The Trust was dormant throughout the year.

During the year the following transactions took place between EHA and EEL:

	2024	2023
	£'000	£'000
Consultancy services provided to EEL	294	316
Amount due from EEL at the year end	90	133
Amount due to EEL at the year end	-	-
Tenant Board Members:		
	2024	2023
	£	£
Payments to EHA Board Members who are tenants	-	158
Amount due to EHA at the year-end (paid in advance)	-	-

The EEL Balance Sheet and Profit & Loss Account, along with Eildon Housing Association make up the Group accounts financial statements (pages 35 - 37).