

EILDON HOUSING ASSOCIATION LIMITED

Annual Report and Consolidated Financial Statements

for the year ended 31 March 2025



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: Winners of Housing Organisation of the Year at Scotland Housing Awards 2024

Report from the Board of Management

A

Introduction

We are pleased to present the 2024/25 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. A number of awards gained during the year validate this recognition, especially winning the Chartered Institute of Housing’s award for Housing Organisation of the Year 2024.

The Board has continued to execute its role in the strategic oversight and monitoring of the delivery of this work since our last Annual Report.

B

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.

During 2024-25 we have undertaken a review of the current 5-year Strategy in line with this framework and this will be launched next year.

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 2024/25

In March 2024, the Board approved the 2024/25 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 continues to be challenging with 2024/25 ending with a greater degree of global economic uncertainty due to US tariff proposals. The cost of construction and higher interest costs have resulted in poorer viability assessments for our Development plans and this led to delays in starting our next wave of additional projects until the latter part of 2024/25. 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 2024/25

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 2024/25 plan the Bank of England base rate (the Base Rate) was 5.25% and CPI had decreased to 4% by February 2024.

The assumptions in the 2024/25 plan were that CPI and interest rates would decline throughout the year, with an estimate that CPI would reduce to 2.6% by December 2024 and interest rates would be around 4.5% by January 2025. During the year, the decline to the target levels happened earlier than predicted, dropping to below 2% by September, however since then it has risen again with the year ending with a CPI at 2.8%. Interest rates have followed the expected course during 2024/25 with Bank Base Rates ending the year at 4.5%.

New build construction costs and housing repairs and maintenance inflation remains variable and subject to significant geographical and trade specific pressures. In general, the inflation experienced on these types of costs has been higher than our CPI estimates, and although this was built into our assumptions for the Viability Plan, the actual costs for work and new build tenders is higher than anticipated. The situation throughout 2024/25 has continued the “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 £12.60 per hour, an increase of 5%.

Extra Care Housing

2024/25 was the first full year of operating all of our three integrated extra care housing services, following the opening of Poynder Apartments in Kelso in 2023. Eildon is now providing over 1,700 hours of commissioned care per week across our Extra Care Housing.

Development Programme

We added 37 new homes to our housing stock, completing the work at our site in Earlston, although this was fewer than anticipated in our Viability Plan. Eildon has now restarted construction on the stalled Edgar Road, Westruther site with completion expected of 10 new homes at the end of 2025/26 and are on site with the construction of a further 22 new houses in Peebles. This progress has only been possible to strong collaboration with both our funding partners the Scottish Government and Scottish Borders Council, and our construction partners.

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, and that these are shared with our funding and construction partners so that solutions to these challenges can be identified to support the ongoing development of more new homes in the Scottish Borders.

Our Housing Stock

Our total housing stock increased to 3,103 units under management (2024: 3,066), this 1.2% increase incorporated 37 new build properties completed during 2024/25 under the development programme. This chart illustrates how our housing stock has grown over the past five years, with an additional 520 homes since March 2020, representing a 20% increase in our housing stock.

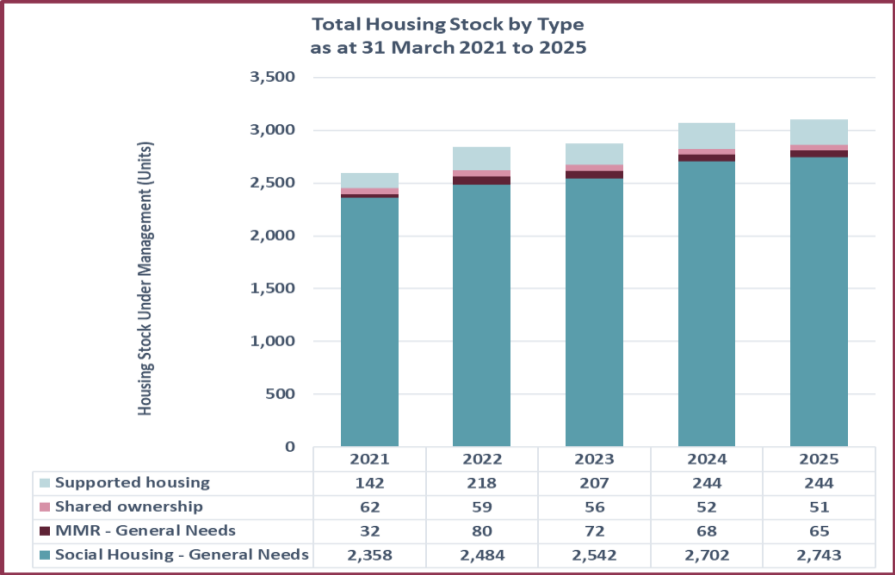
Community Partnership

The Community Partnership Team continues to develop partnerships to deliver a range of community based initiatives to support our customers and their communities, with a focus on health and wellbeing projects. Notable successes include securing £147k funding from the National Lottery to continue the Older People Active Lives (OPAL) Program for the next 3 years; strengthening our partnership with the Cyrenians and FareShare in the delivery of the Borders Food Hub supporting a range of local pantries and food banks across the Scottish Borders; the creation of the digital lending library in partnership with the General Store (based in Selkirk) funded by Connected Scotland which enables customers to borrow digital devices and receive training where needed; and securing funding from the Energy Advisory Scotland to enhance our support to customers experiencing fuel poverty through the provision of an in house Energy Adviser and funding support to our customers.

Imaginative Solutions

During 2024/25 we worked with the Health and Social Care Partnership, service users and their families to develop additional capacity within two new bungalows at Poynder Gardens in Kelso to provide supported housing for four young people with complex learning disabilities to live in their own home with the support of a dedicated staff team employed by Eildon. Start-up funding was provided in part through the Scottish Government’s “Coming Home” programme. When fully established the service will deliver in the region of 600 hours of commissioned care each week. The creation of this service enabled us to restructure our care services including a review of the local and external management teams and the creation of a new Learning Disabilities Manager with operational oversight of Poynder Gardens as well as our existing learning disability service in Station Avenue, Duns.

Our Sustainability activities included securing South of Scotland Enterprise (SOSE) funding to support the provision of sensors to a number of our properties with storage heating in order to improve the effectiveness of managing this type of heating and support our tenants in managing their heating costs.



3. OUR PERFORMANCE 2024/25

The Board approved Key Performance Indicators (KPIs) in March 2024 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 2025	Actual	Target	Previous Year
Tenants satisfied with overall service	82 %	85%	81%

The overall result of the annual customer satisfaction survey is that **82% of our tenants were either satisfied or very satisfied** with Eildon’s overall service. These results demonstrate that Eildon is continuing to progress in the direction our ambition in relation to our customers’ satisfaction.

Complaints Handling

For the year ending 31 March 2025	Actual	Target	Previous Year
Tenants satisfied with complaint handling	50%	50%	36%
Average time taken to provide a full response (working days):			
Stage 1 complaints	3.8 days	4 days	4.3 days
Stage 2 complaints	23.6 days	18 days	20.8 days

The overall result is that the **50% satisfaction with complaint handling** is an improvement year on year and achieves our target. Our Stage 1 complaints have also been responded to within both the target and SPSO requirement off 5 days. In relation to Stage 2 complaints the time to respond is above both the target and SPSO requirement.

These results highlight that work that has been ongoing to focus and improve our management of complaints and service to our customers is moving in the right direction, and our cross-organisation Customer Experience Group continues to implement the improvement plan to improve our service to our customers. One of these improvements will be the launch of new Customer Commitments and Customer Service Standards.

Repairs and Maintenance

For the year ending 31 March 2025	Actual	Target	Previous Year
Tenants satisfied with repairs or maintenance	90 %	92 %	89%
% Reactive repairs completed right first time	81 %	93 %	94%
Non-emergency repairs Average length of time per repair	13.2 days	9.0 days	11.1 days

Tenant satisfaction with their repairs and maintenance increased to 90% (2024: 89%) although was still below target. In addition to this improvement our reactive repairs completed right first time decreased to 81% (2024: 94%) and is well below the 93% target. Our non-emergency repair time has increased to 13.2 days (2024: 11.1 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 improve performance in this area.

Housing & Tenancy Management

For the year ending 31 March 2025	Actual	Target	Previous Year
Average time to re-let a property	32 days	28 days	39 days
% Rent lost due to voids*	0.88%	1.02%	1.14%
Rent arrears (all tenants) % rent due in the period*	4.27%	4.78 %	4.97%

**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 32-day average time to re-let a property is an improvement on the previous year's performance, but still above the target. Relet times have been negatively impacted by the scale of work required to be undertaken between relets combined with the continuing contractor challenges resourcing certain trade skills in specific geographical areas which has delayed the maintenance work to bring properties back to a lettable standard. The rent lost to voids and rent arrears are below both the previous year and the targets.

Our Staff

For the year ending 31 March 2025	Actual	Target	Previous Year
% Staff attendance - all staff	95.7%	96%	95.4%
% Staff turnover – all staff	16.7%	15%	17.3%

We employed an average of 187 full time equivalent employees (FTE) during the year, an increase of 7% on the previous year and relating to the start of our new service in Kelso. We ended the year with a workforce of 190 FTE of which 53% are employed within our care and support services. Despite this growth and change in our workforce we have achieved 95.7% staff attendance on average throughout the year and our staff turnover of 16.7% 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. Our most recent staff engagement survey highlighted that 90% of our people are satisfied with Eildon as their employer, an increase on the previous two years.

4. OUR ACHIEVEMENTS 2024/25

During 2024/25 through significant commitment and effort our people have enabled us to achieve a significant amount, cumulating with winning the Chartered Institute for Housing Award for Housing Organisation of the Year 2024. The following highlights some of these:

Social Care

New ALD Supported Housing at Poynder Gardens.

Delivery of 2,500 hours per week of commissioned care and support to our tenants.

Secured £147k National Lottery Funding to support OPAL for a further 3 years.

Sustainability

Net Zero Business of the Year at the Scottish Borders Chambers of Commerce Excellence Awards 2024.

Approval of our updated Sustainability Strategy and Decarbonisation Roadmap.

Connected Response Pilot securing £95k match funding from SOSE to provide technology to enable tenants to manage storage heating systems more effectively.

Housing

Delivered 37 new homes in the Scottish Borders during the year.

Restarted the Edgar Road, Westruther project with £1.6m additional funding support from Scottish Government and the local authority.

Our capital component replacement and enhancement programmes we invested £2.0m in our existing properties.

Increased our focus on surveying and monitoring properties in order to effectively manage damp and mould issues.

Customer Needs

Invested in integration to enable the capture of equalities information to enhance our decision making to meet the needs of all.

Community Partnerships Team secured £147k National Lottery funding to continue the OPAL project for the next 3 years.

Providing 133 tenant with energy advice, fuel debt support and £150 energy support payments through our new Energy Adviser.



5. WIDER & AGENCY SERVICES

During the year Eildon has provided:

- Management services to Berwickshire Housing Association intermediate rent stock which ended in May 2024 following their decision to change the tenure of this stock,
- Management services to Lucy Sanderson Homes, and
- 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 coming years.

6. OUTLOOK FOR THE FUTURE

Although inflation is lower than it has been for the past few years, due to administration changes in both the UK and US governments following elections in 2024, there have been a number of emerging issues that have created new challenges for organisations as we look towards 2025 and beyond.

The UK government decreased the threshold for the payment of Employers' National Insurance Contributions (eNIC) and increased the rate of these as from April 2025. This is adding on average 2.5% to the cost of employing staff and possibly higher on those organisations with a large lower paid workforce. The funding of this increase through public sector bodies to those commissioned to provide care services is still unclear, but it is anticipated that for 2025/26 there will be no additional funding to cover this increase. As a result, Eildon will be reviewing its operational model to ensure that it continues to at least breakeven on a direct cost basis.

Additional US Tariffs have been announced, although significant uncertainty still remains around what the final levels will be and how this will impact on both economic indicators such as inflation and interest rates as the uncertainty in the US markets create "ripples" through the other global markets.

Our agreed 2025/26 inflation planning assumption is that CPI will average around 3% for the year peaking in December 2025 and then declining to 2% by 2027. The interest rate assumption has been assumed to average around 4.25% for 2025/26 and then decline to 4% for future years, and this is a much higher level than we'd previously assumed for the longer term cost of borrowing. However, as this report is being written there is significant lack of clarity on what forecasters now expect to happen. This uncertainty has made the identification of the correct assumptions for the 2025/26 Viability Plan difficult, and with only one real certainty, and that they will change.

Throughout 2024/25 there has been continued pressure on the cost and volume of repairs and maintenance, and there is an expectation that this along with the eNIC and SLW increases already identified will feed through into these costs for 2025/26.

Construction inflation indices are anticipated to realign with CPI, and this is the basis of our planning assumptions. However, due to the higher than CPI increases in the past few years, the construction cost baseline for building new homes is significantly more expensive. This has led to the Scottish Government increasing the Affordable Housing Supply Programme (ASHP) benchmark grants, however this still leaves housing associations with higher levels of funding to secure from lender which along with higher interest costs means that the delivery of the Development Programme will require careful fiscal and operational management as well as collaborative partnership working to ensure that Eildon continues to deliver viable new affordable homes.

In light of the above pressures on labour, repairs, and funding costs the Board approved an above CPI increase for social housing rent and service charges of 4% for 2025/26 and 5.5% for mid-market rental properties from August 2025.

The 2025/26 Budget and Performance Targets was approved in March 2025, and the new 5-year Strategy, the Medium- and Long-Term Viability Plan 2025/26 and the Treasury Management Strategy were approved in April 2025.

Looking forward to 2025/26 Eildon will be focusing the implementation and delivery of the new 5-year Strategy and on ensuring that it continues to deliver its services with an operating and business model that delivers value for money for our tenants and demonstrates effective and efficient use of our resources. We will be implementing a number of digital improvements and working to continue the increasing use of 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 2024/25

1. INTRODUCTION

The commentary noted below refers in all cases to the consolidated results of the Eildon Group for the year to 31 March 2025 reported within these financial statements and not just EHA on a standalone basis.

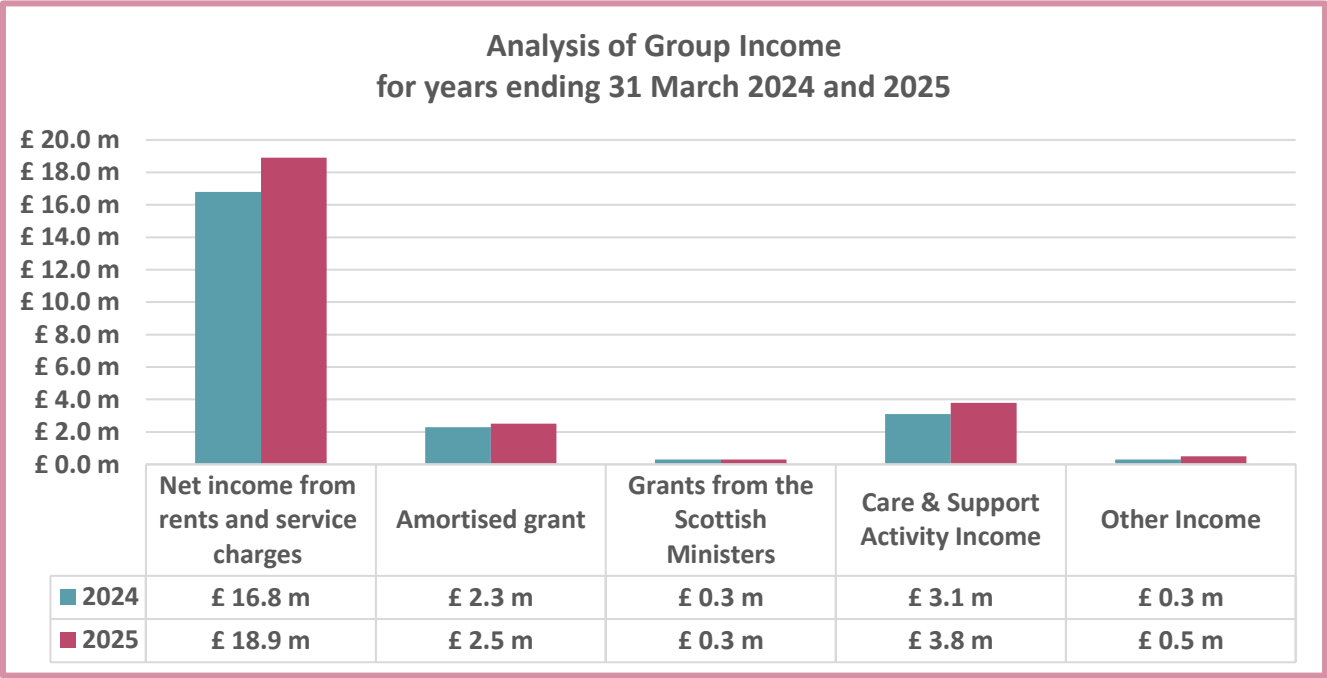
The financial performance over the past five years is analysed in Table 1, on page 16.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income is presented on page 33 with key additional analysis in Notes 2, 3 and 4 (pages 47 to 50). These show that Eildon made a surplus of £1,842k after tax during the year (2024: £161k).

The surplus before tax and actuarial movements was £1,784k (2024: £1,033k) which is a 72.7% increase on the previous year. The operating surplus, which is before net interest and financial instrument movements was £5,559k (2024: £4,729k) and represented a 17.6% increase in Eildon’s operating surplus. The operating contribution (i.e. operating surplus as a % of turnover) was 21.3% (2024: 20.6%) showing that operating performance remained consistent.

Income



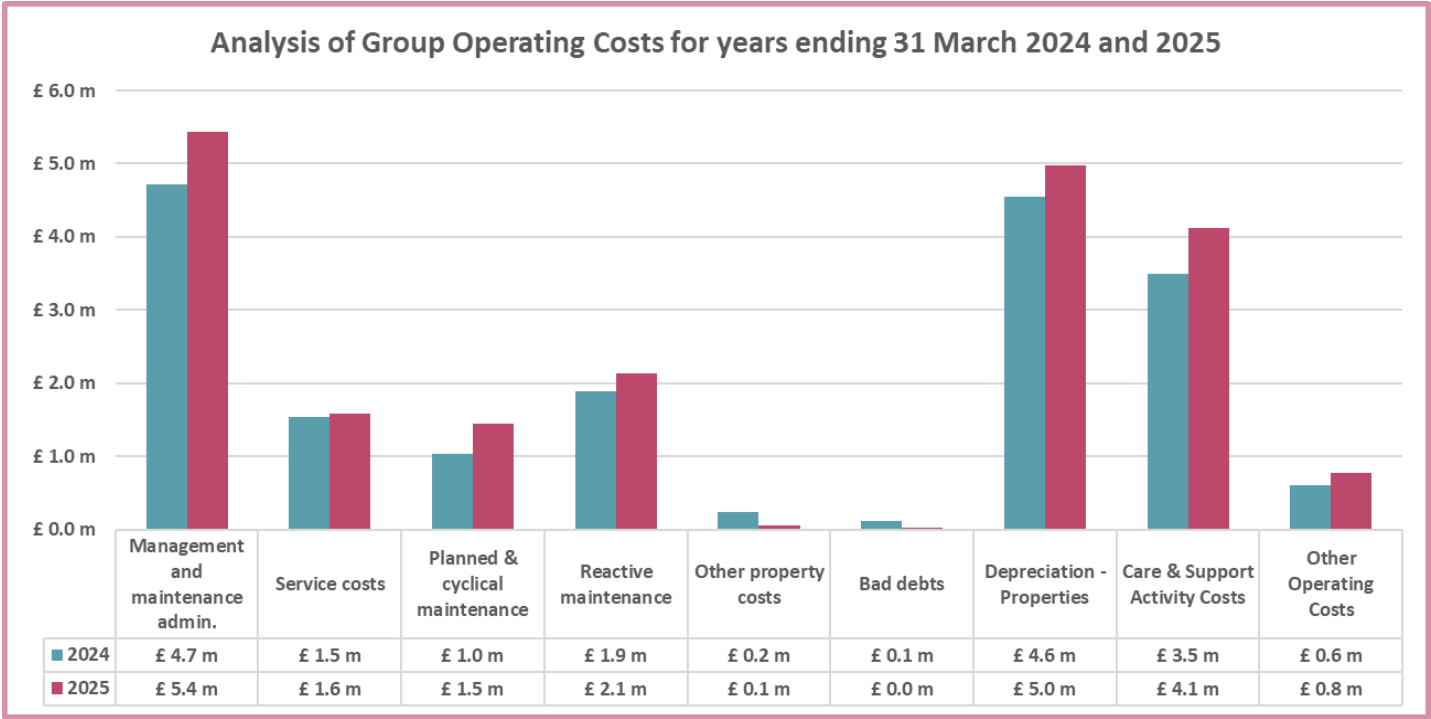
Total income generated for the year was £26,091k (2024: £22,921k). This amounts to a £3,170k increase (13.8%) in income year on year. The majority of the growth has been generated from:

- a) Net income from rents and service charges increased to £18,924k in year (2024: £16,826k) generating £2,098k (12.5%) mainly due to the full year effect of new build homes completed in 2023/24 and the part

year effect of the 37 new homes during 2024/25. In addition, inflationary increases on rent and service charges applied from 1 April 2024 also generated additional income.

- b) Care & Support income increased to £3,769k (2024: £3,142k) contributing £657k, an increase of 20%. The key driver to this is full year effect of the extra care housing at Poynder Apartments, Kelso, the new service at Poynder Gardens, and inflation on commissioned care and board service income.

Operating Expenditure



Total Operating Expenditure for the year was £20,532k (2024: £18,192k) up by £2,340k (12.9%) 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 (£391k) within Assets under Construction. This relates to the impairment of an element of the project expenditure for The Valley, Selkirk and Caledonia Court, Peebles. This impairment relates to amounts of previously incurred project costs which 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 £20,368k, a 12% increase in operating costs which is in line with the 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:

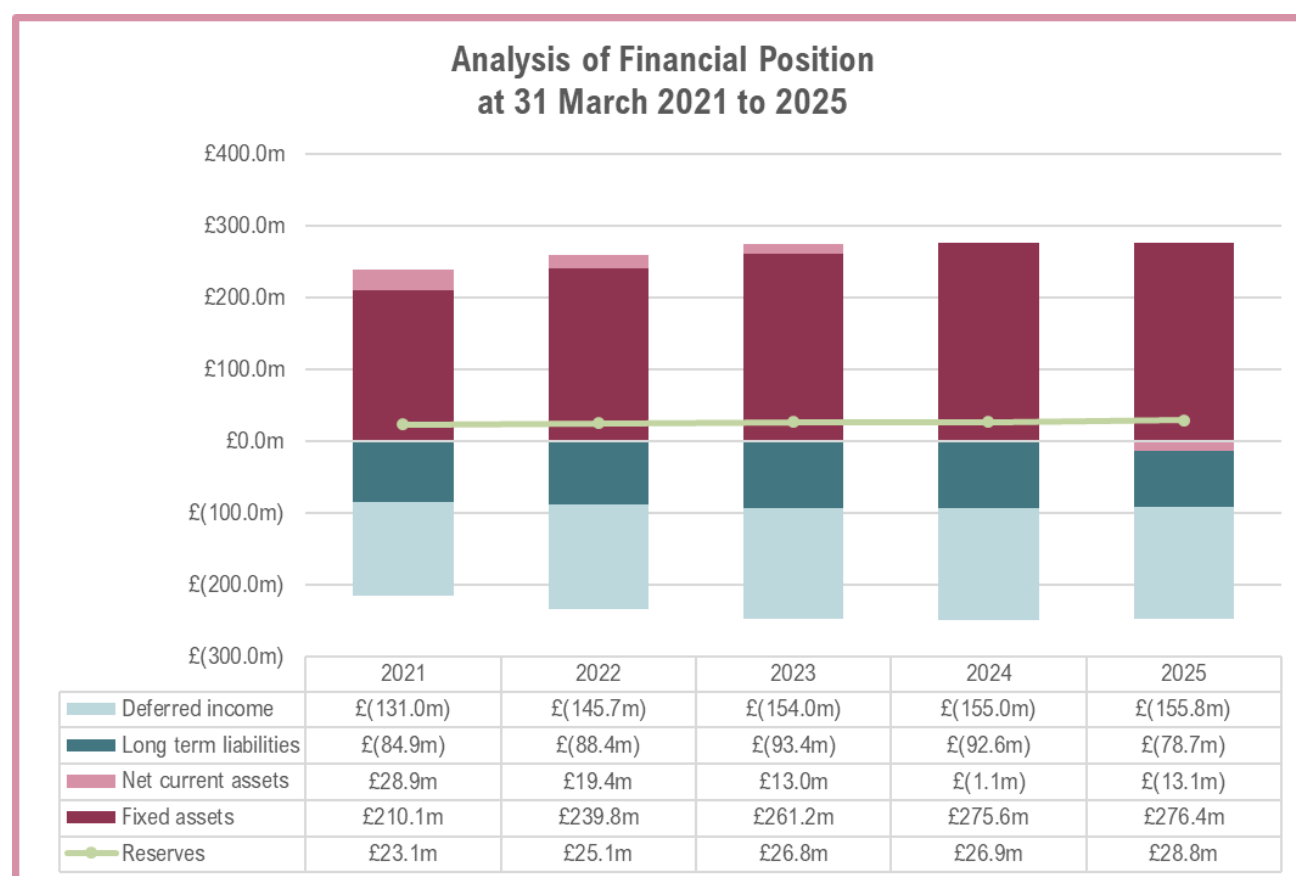
- Reactive Maintenance, which is carried out in response to reported issues – expenditure in the year was £2,130k (2024: £1,888k)
- A programme of Planned Repairs carried out in the medium term to deal with the gradual and predictable deterioration of building attributes – expenditure in the year was £1,447k (2024: £1,029k)

- 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 £1,677k (2024: £2,515k). This reduction relates to a planned delay in expenditure relating to the installation of additional lift provision at one of our sheltered housing sites.

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 2025 were £28,730k (2024: £26,888k); an increase of £1,842 (7%). The chart below illustrates the trends in our financial position.



Our fixed assets have increased marginally to £276,362k (2024: £275,583k) reflecting the slower start to the next phase of our ongoing investment in housing assets which is covered in the next section.

Net Current Liabilities increased to £13,127k, a movement of £12,053k in the year. This movement reflects the increase in our Loan Creditors due within 12 months of £12,910k as one of our loan facilities reaches maturity in March 2026. This increase is offset by a reduction of £13,487k in our Loan Creditors due in more than 12 months. Our cash has reduced by £1,564k being utilised to fund our development activities rather than draw down additional loan debt, and the new development projects have led to an increase in Development Debtors to £1,269k at the year end. Additional new borrowing facilities for £15m are in place to support but have yet to be drawn down therefore demonstrating borrowing capacity to fund this repayment obligation.

5. HOUSING – VALUATIONS, DEVELOPMENT & DISPOSAL

As at 31 March 2025 Eildon owned 3,103 housing units along with a small number of garages and commercial properties which are rented out.

During the reporting year Eildon spent £4,085k (2024: £16,013k) on building and purchasing houses (Note 12) of which £3,292k (2024: £2,875k) was funded by grants received from the More Homes Division (East) of the Scottish Government (Note 20). This represents 37 new build units coming into management by the end of the year. At the reporting date there are 20 shared equity units unsold. In the year the Association bought back one shared ownership properties and designated this as a mid-market rental property under Eildon Enterprises Ltd's management, and following the end of tenancies three of the mid-market rental properties from the Bridge Homes stock have been transferred into General Needs Social Housing as per the conditions of the grant support to purchase these.

The disposal and write-down of housing properties (Note 7) generated a net loss of £176k (2024: net loss £65k) after taking account of the remaining net asset cost and recycled grant.

6. CASH FLOWS

Cash inflows and outflows during the year are shown in the Consolidated Cash Flow Statement (page 36 - 37).

The Group cash inflow from operating activities decreased this year to £6,700k (2024: £8,299k); £7,288k (2024: £18,300k) was spent acquiring assets. There was an outflow from repaying loans of £1,160k (2024: £1,848k); no inflow from additional borrowings (2024: £412k). The cost of financing was £3,048k (2024: £3,060k) and the net debt moved from £91,756k in 2024 to £91,179k in 2025.

7. CAPITAL STRUCTURE AND TREASURY MANAGEMENT

During 2024/25 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 £91,179k (2024: £91,756k). The profile of the loan portfolio is set out in Note 17, and this shows that 65% of the loan debt is repayable after five years, including £14,305k due within the next 12 months.

During 2024/25 negotiations were concluded for a £10m 5 year Revolving Credit Facility and a £5m 10 year Fixed Term Loan. As at the year-end neither of these facilities had been utilised and provide capacity for the repayment due within the next 12 months.

The Board approved the Treasury Management Strategy (TMS) for 2024/25 based on the Medium- and Long-Term Viability Plan 2024/25. This incorporated an action plan identifying the need to undertake a medium-term borrowing capacity review and provide the Board with recommendations for the funding strategy activities by August 2025 in order to have further borrowing capacity in place before the end of 2025/26.

The TMS for 2024/25 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 2024/25 and established that there is sufficient capacity to meet the security requirements for our identified borrowing need. In addition, it has been identified that within several existing loan facilities the

encumbered stock is much higher than is required for the outstanding debt and the TMS identified that work

should be done to release this capacity.

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 2025, the mix of variable and fixed ratio was 77% fixed:23% variable excluding the ISDA MTM and 81%:19% including the ISDA MTM. In the current climate, Eildon continues to monitor the most effective way of managing interest rate exposure especially on new loans and works with treasury advisers to ensure that changes in market conditions are considered. Interest payable for the year was £3,831k (2024: £3,923k) reflecting the reducing variable rate interest costs during the year and the stability in the underlying level of loan debt.

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 2025, the Association has obtained sufficient information to account for the scheme as a defined benefit scheme as fully disclosed in Note 23 (page 61). There continues to be significant fluctuations in the valuation of the pension deficit, and the results of the latest full triennial valuation as at 30 September 2024 are due to be shared and agreed with employers by September 2025. Early indications are that there will be some form of deficit recovery plan required to be implemented from April 2026.

TABLE 1 – GROUP HIGHLIGHTS – FIVE YEAR HISTORICAL SUMMARY

For the Year Ended 31 March

	2025	2024	2023	2022	2021
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income					
Total turnover	26,091	22,921	20,274	17,129	15,703
Social lettings income	21,640	19,168	17,014	14,772	14,191
Operating surplus	5,559	4,729	3,174	3,119	3,501
Surplus/(deficit) for the year after tax	1,842	161	1,659	2,044	182
Statement of Financial Position					
Net housing properties	271,900	270,973	257,297	235,915	206,729
Other fixed assets	4,462	4,610	3,881	3,884	3,273
Fixed assets	276,362	275,583	261,178	239,799	210,002
Net current assets	(13,127)	(1,074)	12,984	19,379	28,949
Total assets less current liabilities	263,235	274,509	274,162	259,178	238,951
Long term liabilities	(78,744)	(92,584)	(93,446)	(88,437)	(84,905)
Deferred income	(155,761)	(155,037)	(153,989)	(145,673)	(131,022)
Net assets	28,730	26,888	26,727	25,068	23,024
Reserves	28,730	26,888	26,727	25,068	23,024
Housing Stock (units)	3,103	3,066	2,877	2,841	2,594
Statistics					
Surplus for year as % of turnover	7.06%	0.70%	8.18%	11.9%	(0.3%)
Surplus for year as % of social lettings income	8.98%	0.84%	9.75%	13.8%	(0.3%)
Rent loss from voids in the year	0.99%	1.22%	1.18%	1.79%	1.55%
Rent collected in terms of rent collectable in the year	99.0%	98.0%	98.3%	97.3%	97.1%
Liquidity (Current Assets/Current Liabilities)	0.33/1	0.86/1	3.0/1	3.3/1	3.2/1
Gearing (Total Loans as % of Capital Grants plus Reserves)	47.4%	47.5%	42.0%	37.3%	31.8%

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	EEL – Subsidiary Company Registration Number SC273461
The Weaving Shed Dunsdale Road Selkirk TD7 5EB	

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 final 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 58 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 2024/25 are set out in the Table below.

BOARD MEMBERS

Name	EHA Parent	EEL Subsidiary
Ms Cathie Fancy, BSc (Hons), MSc, HND +	Chair	Director
Mr Brian Frater, BA(Hons), MRTPI (retired) +	Vice Chair (EHA Board)	
	Chair (Remuneration Committee)	
Mr Ron Beardsley, MSc, FFB*		
Ms Amanda Harvie, BA (Hons), MCIPR, FRSA *		Director
Mr Chris Highton, DipSurv, FRICS +		Director
Mr Ross Kilshaw LLB PGDip*		
Ms Catherine Louch, MA (Hons), PGDip, CIHCM*		
Mr Allan Lundmark, Hon FRIAS, BSc (Hons), DiP TP, MRTPI (retired) *		Chair
Mrs Hannah Macleod LLB (Hons), Dip LP *		
Ms Eibhlin McHugh, B.SocSc, Dip BS, DSW +		
Dr Alan Mordue, MB, ChB, FFPH (retired) *	(R – Sept. 2024)	
Ms Jayne Pashley, MSc, LLM, Chartered FCIPD +	(A – Sept. 2024)	
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 2024 included:

- Governance
- Sustainability
- Sector Overview
- Talent and Workforce Development

This event informed the options considered for Eildon to adapt to the changing economic and operating environment and therefore the subsequent updating of the new 5-year Strategy, 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 38 to 46 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 (2024: 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. There are currently 13 strategic risks, however only three are deemed have a residual risk score that places them in the category of Major or Severe. These three risks are listed below:

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure of supply chain and other external factors (including insufficient HAG funding levels) which curtails housing asset maintenance and stock expansion objectives	<ul style="list-style-type: none"> ◆ Ensure correctly procured and appropriate contracts in place, including additional risk mitigation clauses such as performance bonds. ◆ 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 	Major

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure to ensure the safety and wellbeing of our customers, people, and partners	<ul style="list-style-type: none"> ♦ 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
Failure of our processes, procedures, and Digital Infrastructure to prevent major service disruption and/or data loss	<ul style="list-style-type: none"> ♦ Upgraded appropriate firewall and network security is in place and managed by an outsourced expert. ♦ Reduction of on-premises servers. ♦ 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

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 is subject to internal audit review by the outsourced internal auditors as part of a cycle of regular reviews, and as such was reviewed during 2024/25 and was assessed as having substantial assurance.

16. BANKER, SOLICITORS AND AUDITORS

			EHA Parent	EEL Subsidiary
Banker	Bank of Scotland 3 Channel Street Galashiels TD1 1BE		✓	✓
Auditor (External)	CT Audit Limited 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	✓	✓

17. AGM

The AGM will be held on Wednesday 3 September 2025 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 2026
- The 5 Year Viability Plan including Cashflow to 31 March 2030 that is scrutinised by the Regulator
- The 30 Year Plan including Cashflow to 2056

Based on these documents and the following facts:

- There is no sign of impairment of the housing stock through increased voids
- 66% of the turnover is rent related
- 16% of the turnover is Care or Support income from the Local Authority
- 9% 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 (81% if interest swap is taken into account).
- The Association has, at 31 March 2025, 541 unencumbered properties
- The Association has, at 31 March 2025, £4.1m in cash
- The Association has, at 31 March 2025, £15m of unutilised loan facilities, of which £10m is a Revolving Credit Facility.
- The Reserves of the Association are over £28.7m

In 2025/26 the Association will direct the unutilised loan facilities already in place to the fund the repayment of the loans due within the next 12 months. In addition, it will use approved grants from Scottish Ministers, its cash balances and additional borrowing capacity as set out in the TMS 2025/26 to fund the net investment required for 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 2025 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 21 July 2025 and signed on their behalf by:

Mr N J Istephan, Secretary



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

Opinion

We have audited the financial statements of Eildon Housing Association ("the Association") and its subsidiary (the 'Group') for the year ended 31 March 2025 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 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 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, 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 of going concern are described in the relevant sections of this report.

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

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.

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 Board Responsibilities as set out on page 18, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's 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

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

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Association's members as a body, in accordance with 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 Audit Limited
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL
21 July 2025

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

In addition to our audit of the Group Financial Statements, we have reviewed your statement on page 27 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 27 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.



CT Audit Limited
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL
21 July 2025

Statement of Comprehensive Income

for the Year Ended 31 March 2025

GROUP		2025	2024
	Notes	£'000	£'000
Turnover	2	26,091	22,921
Less: operating expenditure	2	20,532	18,192
Operating surplus		5,559	4,729
Loss on disposal of property, plant & equipment	7	(176)	(65)
Interest receivable	8	136	215
Interest and financing costs	9	(3,831)	(3,923)
Movement in fair value of financial instruments	18	96	77
Surplus before tax		1,784	1,033
Taxation	10	-	-
Surplus for the year	6	1,784	1,033
Re-measurement caused by actuarial valuation	19	58	(872)
Total comprehensive income for the year		1,842	161

ASSOCIATION		2025	2024
	Notes		£'000
Turnover	3	26,007	22,826
Less: operating expenditure	3	20,527	18,185
Operating surplus		5,480	4,641
Income from group undertakings		79	88
Loss on disposal of property, plant & equipment	7	(176)	(65)
Interest receivable	8	136	215
Interest and financing costs	9	(3,831)	(3,923)
Movement in fair value of financial instruments	18	96	77
Surplus for the year	6	1,784	1,033
Re-measurement caused by actuarial valuation	19	58	(872)
Total comprehensive income for the year		1,842	161

The financial statements on pages 33 to 35 were approved by the Board of Management and authorised for issue and were signed on its behalf by:

Date: 21 July 2025

Ms C Fancy
(Chair)

Mr B Frater
(Vice-Chair)

Mr N Istephan
(Secretary)





Statement of Financial Position

as of 31 March 2025


	Notes	GROUP		ASSOCIATION	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed assets					
Housing properties	12	271,900	270,973	271,900	270,973
Other fixed assets	13	4,232	4,380	4,232	4,380
Fixed asset investments	14	230	230	230	230
		276,362	275,583	276,362	275,583
Current assets					
Trade and other debtors	15	2,564	1,256	2,395	1,340
Cash and cash equivalents		4,068	5,632	3,793	5,417
		6,632	6,888	6,188	6,757
Current liabilities					
Creditors amounts falling due within one year	16	(19,759)	(7,962)	(19,437)	(7,955)
		(19,759)	(7,962)	(19,437)	(7,955)
Net current (liabilities)/assets		(13,127)	(1,074)	(13,249)	(1,198)
Total assets less current liabilities		263,235	274,509	263,113	274,385
Creditors: amounts falling due more than one year					
Pension creditor	17	(1,452)	(1,510)	(1,452)	(1,510)
Other creditors	17	(77,292)	(91,074)	(77,292)	(91,074)
	17	(78,744)	(92,584)	(78,744)	(92,584)
Deferred income					
Social housing grants	20	(155,241)	(154,552)	(155,241)	(154,552)
Other grants	20	(520)	(485)	(520)	(485)
		(155,761)	(155,037)	(155,761)	(155,037)
Total net assets		28,730	26,888	28,606	26,764
Capital and reserves					
Share capital	25	-	-	-	-
Restricted reserves	26	36	-	36	-
Revenue reserves		28,694	26,888	28,570	26,764
Total reserves		28,730	26,888	28,606	26,764

The financial statements on pages 33 to 35 were approved by the Board of Management and authorised for issue and were signed on its behalf by:

Date: 21 July 2025


Ms C Fancy
(Chair)


Mr B Frater
(Vice-Chair)


Mr N Istephan
(Secretary)

Consolidated Statement of Changes in Reserves
for the Year Ended 31 March 2025

	GROUP		ASSOCIATION	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Balance at 1 April 2024	26,888	26,727	26,764	26,603
Other comprehensive income for the year	1,842	161	1,842	161
Balance at 31 March 2025	28,730	26,888	28,606	26,764

Cash Flow Statement

for the Year Ended 31 March 2025

	Notes	GROUP		ASSOCIATION	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Net cash inflow from operating activities	A	6,700	8,299	6,640	8,343
Investing activities					
Acquisition and construction of properties		(7,288)	(18,300)	(7,288)	(18,300)
Purchase of tangible fixed assets		(55)	(1,001)	(55)	(1,001)
Social Housing Grant received		3,326	3,645	3,326	3,645
Other capital grants received		(175)	310	(175)	310
Proceeds on disposal of properties		-	309	-	309
Interest received on cash and cash equivalents		136	215	136	215
Net cash outflow from investing activities		(4,056)	(14,822)	(4,056)	(14,822)
Financing activities					
New secured loans		-	412	-	412
Interest paid on loans		(3,048)	(3,060)	(3,048)	(3,060)
Loan principal repayments		(1,160)	(1,848)	(1,160)	(1,848)
Share capital issued		-	-	-	-
Net cash (outflow) from financing		(4,208)	(4,496)	(4,208)	(4,496)
(Decrease) in cash		(1,564)	(11,019)	(1,624)	(10,975)
Opening cash and cash equivalents		5,632	16,651	5,417	16,392
Closing cash and cash equivalents		4,068	5,632	3,793	5,417

Cash Flow Statement for The Year Ended 31 March 2025 (Continued)

A. Net Cash Inflow from Operating Activities

	GROUP		ASSOCIATION	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Surplus for the year	1,842	161	1,842	161
Depreciation of tangible fixed assets	4,458	4,801	4,458	4,801
Amortisation of capital grants	(2,602)	(2,364)	(2,602)	(2,364)
Change in debtors	(213)	49	(273)	93
Change in creditors	(503)	1,084	(503)	1,084
Taxation	-	-	-	-
Loss on disposal of property, plant & equipment	176	65	176	65
Interest paid	3,831	3,923	3,831	3,923
Interest received	(136)	(215)	(136)	(215)
Movement in fair value financial instrument	(95)	(77)	(95)	(77)
Actuarial loss in respect of pension scheme	(58)	872	(58)	872
Balance as at 1 April	6,700	8,299	6,640	8,343

B. Analysis of Changes in Net Debt

	Long Term	Short Term	Total Liabilities	Cash & Equivalents	Total Net Debt
As at 1 April 2024	90,361	1,395	91,756	(5,632)	86,124
Cash Flows	(13,487)	12,910	(577)	1,564	987
As at 31 March 2025	76,874	14,305	91,179	(4,068)	87,111

Notes to the Consolidated Financial Statements

for the Year Ended 31 March 2025

1. Principal Accounting Policies 2025

(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 xvi) Investment Property
- 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 26 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 places 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 £2,500 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 14)

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 and 12)

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 18)

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 19)

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	2025 Operating Costs	Operating Surplus/ (Deficit)	2024 Operating Surplus/ (Deficit)
	Notes	£'000	£'000	£'000	£'000
Affordable letting activities	3	21,640	15,618	6,022	5,073
Other activities	4	4,451	4,914	(463)	(344)
Total 2025		26,091	20,532	5,559	4,729
Total 2024		22,921	18,192	4,729	

ASSOCIATION

		Turnover	2025 Operating Costs	Operating Surplus/ (Deficit)	2024 Operating Surplus/ (Deficit)
	Notes	£'000	£'000	£'000	£'000
Affordable letting activities	3	21,254	15,380	5,874	4,880
Other activities	4	4,753	5,147	(394)	(239)
Total 2025		26,007	20,527	5,480	4,641
Total 2024		22,826	18,185	4,641	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP

		2025			2024
	General Needs Social Housing £'000	Supported Social Housing Accom £'000	Shared Ownership Accom £'000	Total £'000	Total £'000
Rent receivable net of service charges	15,828	1,210	183	17,221	15,366
Service charges	587	1,300	1	1,888	1,668
Gross income from rents and service charges	16,415	2,510	184	19,109	17,034
Less voids	129	52	4	185	208
Net income from rents and service charges	16,286	2,458	180	18,924	16,826
Amortised grant	2,260	286	-	2,546	2,342
Other	136	34	-	170	
Non-rental income	2,396	320	-	2,716	2,342
Total turnover from affordable letting activities	18,682	2,778	180	21,640	19,168
Management and maintenance administration costs	4,476	627	33	5,136	4,723
Service costs	610	998	17	1,625	1,541
Planned & cyclical maintenance including major repairs	1,307	139	1	1,447	1,029
Reactive maintenance costs	1,924	206	-	2,130	1,888
Other property costs	232	55	4	291	240
Bad debts – rents and service charges	19	2	-	21	125
Depreciation of affordable let properties	4,457	471	40	4,968	4,549
Operating costs for affordable letting activities	13,025	2,498	95	15,618	14,095
Operating surplus for affordable letting activities	5,657	280	85	6,022	5,073
Operating surplus for affordable letting activities for 2024	4,857	107	109	5,073	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

ASSOCIATION

	2025			2024	
	General Needs Social Housing £'000	Supported Social Housing Accom £'000	Shared Ownership Accom £'000	Total £'000	Total £'000
Rent receivable net of service charges	15,438	1,210	183	16,831	14,977
Service charges	587	1,300	1	1,888	1,668
Gross income from rents and service charges	16,025	2,510	184	18,719	16,645
Less voids	125	52	4	181	207
Net income from rents and service charges	15,900	2,458	180	18,538	16,438
Amortised grant	-	-	-	-	-
Grants from the Scottish Ministers	2,260	286	-	2,546	2,342
Other revenue grants	-	-	-	-	-
Other	136	34	-	170	-
Non-rental income	2,396	320	-	2,716	2,342
Total turnover from affordable letting activities	18,296	2,778	180	21,254	18,780
Management and maintenance administration costs	4,364	627	33	5,024	4,614
Service costs	588	998	17	1,603	1,528
Planned & cyclical maintenance including major repairs	1,275	139	1	1,415	1,015
Reactive maintenance costs	1,863	206	-	2,069	1,837
Other property costs	221	55	4	280	232
Bad debts – rents and service charges	19	2	-	21	125
Depreciation of affordable let properties	4,457	471	40	4,968	4,549
Operating costs for affordable letting activities	12,787	2,498	95	15,380	13,900
Operating surplus for affordable letting activities	5,509	280	85	5,874	4,880
Operating surplus for affordable letting activities for 2024	4,663	108	109	4,880	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP	2025						2024
	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	-	-	51	51	51	-	(2)
Care & Repair	307	-	61	368	370	(2)	32
Factoring	-	-	18	18	27	(9)	(8)
Support activities	-	-	430	430	388	42	16
Care activities	-	154	3,185	3,339	3,752	(413)	(365)
Contracted out services undertaken for registered social landlords	-	-	1	1	1	-	(1)
Contracted out services undertaken for other organisations	-	-	17	17	23	(6)	(1)
Uncapitalised development administration costs	-	-	-	-	203	(203)	(183)
Other activities	-	-	227	227	99	128	167
Total from other activities	307	154	3,990	4,451	4,914	(463)	(344)
Total from other activities for 2024	275	144	3,334	3,753	4,097	(344)	

ASSOCIATION	2025						2024
	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	-	-	51	51	51	-	(2)
Care & Repair	307	-	61	368	370	(2)	32
Factoring	-	-	18	18	27	(9)	(8)
Support activities	-	-	430	430	388	42	16
Care activities	-	154	3,185	3,339	3,752	(413)	(364)
Contracted out services undertaken for registered social landlords	-	-	1	1	1	-	-
Contracted out services undertaken for other organisations	-	-	17	17	23	(6)	(1)
Uncapitalised development administration costs	-	-	-	-	203	(203)	(183)
Inter-company service level agreement	-	-	302	302	233	69	105
Other activities	-	-	227	227	99	128	166
Total from other activities	307	154	4,291	4,753	5,147	(394)	(239)

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Total from other activities for 2024	275	144	3,627	4,046	4,285	(239)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Accommodation in Management

GROUP & ASSOCIATION

	2025 (Units)	2024 (Units)
The number of units of accommodation in management at the year-end was:		
General needs housing	2,808	2,770
Shared ownership	51	52
Supported housing	244	244
Total units in management	3,103	3,066

6. Surplus/(Deficit) for the Year

	GROUP		ASSOCIATION	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Surplus is stated after charging:				
Depreciation of housing properties	4,594	4,102	4,594	4,102
Depreciation of other tangible fixed assets	200	227	200	227
Loss on disposal of tangible fixed assets	(176)	(65)	(176)	(65)
Fees payable to CT and its associates in respect of both audit and non-audit services are as follows:				
Audit related assurance services	30	27	26	25
Taxation compliance services	1	1	-	-
	31	28	26	25

7. Loss on Disposal of Property, Plant & Equipment

GROUP & ASSOCIATION

	2025 Total £'000	2024 (Restated) Total £'000
Housing properties		
Net proceeds	-	306
Less asset cost and recycled grant	(608)	(747)
Accumulated depreciation	432	376
	(176)	(65)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Interest Receivable

GROUP & ASSOCIATION

	2025	2024
	£'000	£'000
Bank deposit interest	136	215

9. Interest and Financing Costs

GROUP & ASSOCIATION

	2025	2024
	£'000	£'000
Loan interest		
Interest payable	3,831	3,923
Pension deficit movement	58	(872)

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:

	2025	2024
	£'000	£'000
Tax charge in the year	-	-
Tax credit on profit on ordinary activities	-	-

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

	2025 £'000	2024 £'000
Aggregate emoluments (excluding pension contributions, but including National Insurance contributions) for all directors employed during the year (four) as detailed on page 21.	475	468
The emoluments of the Chief Executive (excluding pension contributions, but including National Insurance contributions)	135	132
Aggregate pension contributions in relation to the above key management personnel	38	37

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	1
£120k - £130k	-	-
£110k - £120k	3	3
£100k - £110k	-	-

GROUP & ASSOCIATION

	2025 £'000	2024 £'000
Staffing costs:		
Salaries	7,040	6,347
Social security costs	638	576
Defined contribution pension costs	583	519
Agency staffing cost	127	45
	8,388	7,487
	No.	No.
Average monthly number of employees (full time equivalent)		
Office based	92	92
Project based	95	83
Total	187	175

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 2024	292,335	2,228	29,772	324,335
Additions – new & existing stock	217	-	3,868	4,085
Additions – component replacement	1,966	-	-	1,966
Transfers	13,448	-	(13,448)	-
Disposal – existing stock	-	(23)	(341)	(364)
Disposal – component replacement	(505)	-	-	(505)
At 31 March 2025	307,462	2,205	19,851	329,518
DEPRECIATION				
At 1 April 2024	52,378	984	-	53,362
Charge	4,554	40	-	4,594
Disposal – existing stock	-	-	-	-
Disposal – component replacement	(338)	-	-	(338)
At 31 March 2025	56,594	1,024	-	57,618
Net book value at 31 March 2025	250,868	1,181	19,851	271,900
Net book value at 31 March 2024	239,957	1,244	29,772	270,973

During the year, the amount of works to existing properties that were capitalised was £1,966k (2024 - £2,515k), out of a total spend of £5,499k (2024 - £5,381k).

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 2024	119	46	566	174	4,889	5,794
Additions	-	-	39	-	17	56
Disposal	-	-	-	-	-	-
At 31 March 2025	119	46	605	174	4,906	5,850
DEPRECIATION						
At 1 April 2024	19	46	469	174	706	1,414
Charge for year	13	-	64	-	126	203
Disposal	-	-	-	-	-	-
At 31 March 2025	32	46	533	174	832	1,617
Net book value at 31 March 2025	87	-	72	-	4,074	4,232
Net book value at 31 March 2024	100	-	97	-	4,183	4,380

14. Fixed Asset Investments

GROUP & ASSOCIATION

	2025 £'000	2024 £'000
Heritable investment property	230	230

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	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rental debtors	955	1,034	954	1,029
Provision for bad debts	(579)	(653)	(579)	(653)
	376	381	375	376
SHG receivable	1,269	-	1,269	-
Other debtors	673	670	673	670
Owed by group undertakings	-	-	149	89
Prepayments and accrued income	246	205	246	205
	2,564	1,256	2,712	1,340

16. Creditors – Amounts Falling Due Within One Year

	GROUP		ASSOCIATION	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Housing loans (Note 17)	14,305	1,395	14,305	1,392
Rent & services charged in advance	318	292	318	292
Trade creditors	2,762	3,170	2,762	3,170
Other taxation & social security costs	176	161	176	161
Other creditors	1,741	2,094	1,741	2,094
Deferred income – non-liquid creditors	122	122	122	122
Accruals and deferred income	335	728	330	724
	19,759	7,962	19,754	7,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP & ASSOCIATION

		2024	2023
	Notes	£'000	£'000
Bank and building society loans		76,695	90,180
Local authority and other loans		179	181
		76,874	90,361
Other creditors			
Development retentions		347	546
Future pension liability	19	1,452	1,510
Financial instruments (SWAP)	18	71	167
		1,870	2,223
		78,744	92,584

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 (2024/25 average 4.28%), in instalments due as follows:

GROUP & ASSOCIATION

		2025	2024
		£'000	£'000
Due within 1 year: (Note 16)			
Bank and building society loans		14,302	1,393
Local authority and other loans		3	2
		14,305	1,395
Due within 1 to 2 years: (Note 17)			
Bank and building society loans		8,467	14,351
Local authority and other loans		3	2
		8,470	14,353
Due within 2 to 5 years: (Note 17)			
Bank and building society loans		9,364	15,395
Local authority and other loans		11	10
		9,375	15,405
Due after 5 years: (Note 17)			
Bank and building society loans		58,864	60,434
Local authority and other loans		165	169
		59,029	60,603
		91,179	91,756

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

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
			£'000	£'000
Financial liabilities				
Long term borrowing	3,000	2,807	3,000	2,711
Interest rate SWAP		193	-	289
	3,000	3,000	3,000	3,000
	2025			
	£'000			
Due within 1 year	122			
Due more than 5 years (Note 17)	71			
	193			

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)

	2025 SHAPS Pension £'000
Pension	
1 April 2024	(1,510)
Deficit contribution paid	-
Expense factor	(74)
Change in discount rate and actuarial assumptions	132
31 March 2025	(1,452)

	2025 £'000
Due within 1 year	
Due more than 5 years (Note 19)	(1,452)

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

	2025 £'000	2024 £'000
Social housing grants		
Balance as at 1 April 2024	154,552	154,012
Additions	3,292	2,875
Amortisation in year	(2,602)	(2,225)
Balance as at 31 March 2025	155,241	154,552
Other grants		
Balance as at 1 April 2024	485	(23)
Additions	34	485
Amortisation in year	-	23
Balance as at 31 March 2025	520	

21. Client Bank Account

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

	2025 £'000	2024 £'000
Balance as at 1 April 2024	44	56
Payment to contractors	(660)	(630)
Income*	638	619
Bank Charges	(1)	(1)
Balance as at 31 March 2025	21	44

*Income received by and on behalf of Care & Repair

22. Commitments

GROUP & ASSOCIATION

	2025 £'000	2024 £'000
Capital commitments		
Capital expenditure authorised but not contracted for	32,129	55,224
Capital expenditure that has been contracted for but has not been provided for in the financial statements	7,987	2,203

The amount contracted for at 31 March 2025 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)

	2025	2024
	£'000	£'000
Fair value of plan assets	10,303	11,227
Present value of defined benefit obligation	11,755	12,737
Surplus (deficit) in plan	1,452	1,510
Defined benefit asset (liability) to be recognised	(1,452)	(1,510)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025
	£'000
Defined benefit obligation at start of period	12,737
Expenses	20
Interest expense	609
Actuarial losses (gains) due to scheme experience	252
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	(1,283)
Benefits paid and expenses	(580)
Defined benefit obligation at end of period	11,755

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

	2025
	£'000
Fair value of plan assets at start of period	11,227
Interest income	535
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(899)
Contributions by the employer	20
Benefits paid and expenses	(580)
Fair value of plan assets at end of period	10,303

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)

	2025
	£'000
Expenses	20
Net interest expense	74
Defined benefit costs recognised in statement of comprehensive income (SOCl)	94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Defined benefit costs recognised in other comprehensive income

	2025 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(899)
Experience gains and losses arising on the plan liabilities - gain (loss)	(252)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,283)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	132
Total amount recognised in other comprehensive income - gain (loss)	132

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 was put in place to eliminate the deficit which ran to 30 September 2022.

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

For accounting purposes, a valuation of the scheme 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 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 inclusive.

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 subsequent triennial valuation as 30 September 2024 is underway, however the outcome has not yet been communicated to employers within the scheme. Initial indications from TPT and the SHAPS Employers Committee is that deficit contributions will be restarted. However, the value of these have not yet been agreed or communicate. As a result, it is not possible to calculate the impact of this issue with any accuracy beyond the provision for £1,452k 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	
	2025	2024	2025	2024
Allotted, Issued and Fully Paid: Shares of £1 each				
	£	£	£	£
At 1 April 2024	78	81	78	81
Issued in year at par	5	3	5	3
Cancelled in year	(25)	(6)	(25)	(6)
At 31 March 2025	58	78	58	78

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. Restricted reserves

	GROUP		ASSOCIATION	
	2025	2024	2025	2024
National Lottery Community Fund				
	£'000	£'000	£'000	£'000
Income	49	-	49	-
Expenditure	(13)	-	(13)	-
At 31 March 2025	36	-	36	-

The purpose of this fund is continue and expand the Older People Active Lives (OPAL) groups which promote physical and cognitive wellbeing and reduce social isolation. The project will provide activities for 400 older people and involve 14 volunteers over 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. 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:

	2025 £'000	2024 £'000
Consultancy services provided to EEL	302	294
Amount due from EEL at the year end	149	90
Amount due to EEL at the year end	-	-

Tenant Board Members:

	2025 £	2024 £
Payments to EHA Board Members who are tenants	-	-
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 33 - 35).