



EILDON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS for the year ended 31 March 2021

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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Board, Executive Officers and Appointees

BOARD MEMBERS

Name	EHA Parent	EEL Subsidiary
Mr David Alexander, MA, M.Soc Sci, MIH, Dip MAN, BA	Chairman	Director
Ms Cathie Fancy, BSc (Hons), MSc, HND	Vice Chairman	
Mr Ewen Swinton, ACIBS	Chairman (Audit & Risk Committee)	
Mrs Alison Ballantyne, PgDip, MCIBS	Chairman (Remunerations Committee)	
Mr Allan Lundmark, Hon FRIAS, BSc (Hons), DiP TP, MRTPI (1976 - 2014)		Chairman
Mr Ron Beardsley, MSc, FFB		
Mr Gary Brown, BA	(A – Sep 2020) (R – Nov 2020)	
Dr Paul Gilbert, PhD, CEng Mechanical Engineering	(A – Sep 2020)	
Ms Amanda Harvie, BA (Hons), MCIPR, FRSA		Director
Mr Chris Highton, DipSurv, FRICS		
Ms Eibhlin McHugh, B. Soc. SC. UCD, Dip Business Studies. OU, DSW Edin Univ	(A – Sep 2020)	
Dr Alan Mordue, MB, ChB, FFPH (retired)		
Miss Camilla Younger		Director

(A) = Appointed in the year. (R) = Resigned in the year.

Executive Officers

Name	EHA Parent	EEL Subsidiary
Mr N J Istephan, BA (Hons), MPhil, CIHCM Secretary and Chief Executive	✓	✓
Mr A A Brown, FCMA, AGMA Assistant Secretary and Director of Finance & Corporate Services	✓	
Mr J Duncan, BA (Hons), Dip HA, Dip SM, CIHCM - Resigned August 2020 Director of Property Assets	✓	
Mrs A Miller, FCIH Director of Housing and Care Services	✓	
Mr N Wilson-Prior – Appointed November 2020 Director of Property Assets	✓	

Registered Particulars

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

Appointed Banker, Solicitor and Auditors

	EHA Parent	EEL Subsidiary
Banker Bank of Scotland 3 Channel Street Galashiels TD1 1BE	✓	✓
Auditor (External) Chiene + Tait LLP Chartered Accountants and Statutory Auditors 61 Dublin Street Edinburgh EH3 6NL	✓	✓
Auditor (Internal) Findlay & Co. Chartered Accountants 11 Dudhope Terrace Dundee DD3 6TS	✓	
Solicitor 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	✓	✓

Operating and Financial Review and Board of Management Report

A

Context - Structure, Activities, Governance and Management

1. STRUCTURE

Eildon Housing Association Ltd 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. 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 Chairman, Vice Chairman, 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. 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 activities are:

- Involvement in wider action activity and working with Community Planning Partners
- Provision of consultancy services to other organisations and private developers
- Provision of houses at intermediate and market rents

3. 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 disclose 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

4. 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.

5. CORPORATE RULES AND THE REGULATOR

The governing document of the Association is the Rules, which are based on the 2013 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. 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 (including the nominees of unincorporated bodies), societies, companies and local authorities (being bodies incorporated). 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 77 members and currently none are Body Corporate members.

7. 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

Each year, one third of Board members must retire and stand for re-election if they wish to remain on the Board.

The present Board members and the Executive Officers of the Association are set out in page 3 & 4.

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

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.

8. 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:

- What is a Housing Association?
- 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 and events. Annually the Board carry out a review of the skills, training needs, succession planning and recruitment needs of the governing body.

9. DELEGATION, MEETINGS AND PERFORMANCE MONITORING

Through their election by the shareholders at a general meeting, the Board are delegated via Standing Orders (updated March 2015) to:

- Appoint a Chairman
- 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 Remunerations 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 Standing Orders also detail the level of delegated powers that can be given to the Executive Officers.

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

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

10. 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. As a result of pandemic related restrictions, this event had to be delivered in a different manner during 2020. Sessions were held online and were divided into three key strategic modules:

- South of Scotland Economic Strategy
- Environmental Sustainability and Low Carbon Housing
- Governance Matters

From this exercise the 5 Year Strategy was reviewed, an annual implementation plan developed and an annual budget created. These components of our corporate planning framework were then quantified and stress tested and presented to the Regulator.

11. ACCOUNTING POLICIES

The Group's principal accounting policies are set out in pages 35 to 44 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).

12. 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 (2020: 30 days).

13. EMPLOYEE INVOLVEMENT AND HEALTH AND SAFETY

The Association takes seriously its responsibilities to employees and, as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult, where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

The Health and Safety Working Group continue to monitor and oversee health and safety policy and practice across the organisation. During the course of the reporting year, as a result of the current and anticipated growth in size and range of services with the Association, we have taken further steps to strengthen our approach to health and safety matters. We have appointed our first in house Health and Safety Manager, who has engaged with a specialist health and safety consultancy to undertake a full review of our framework and policy structure to ensure it is compliant and fit for purposes as we expand and as legislation changes.

14. DISABLED EMPLOYEES

The Association is a Disability Confident employer. Disability Confident is a government scheme designed to encourage employers to recruit and retain disabled people and those with health conditions. With our adoption of this scheme we continue to broaden and deepen our existing commitment as an employer.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

15. BOARD AND EXECUTIVE OFFICERS' INSURANCE

The Group has purchased and maintains insurance to cover its Board and Executive Officers against liabilities in relation to their duties on behalf of the Association and its subsidiaries, as authorised by the Association's Rules.

16. AGM

The AGM will be held on Wednesday 1 September 2021 at the Scottish Borders Housing Association Office, South Bridge House, Whinfield Road, Selkirk TD7 5DT.

B

Year's Business and Performance Review

1. CORPORATE VALUES

- Caring - We care about what we do, the people we work with and the customers we serve.
- Committed - We all work together to provide affordable, high quality homes, care and support services.
- Connected - We are part of the communities we serve and believe we can make a real difference.
- Creative - We are ready to meet the challenges of the future with enthusiasm and new ideas.

2. OBJECTIVES AND STRATEGY

The Group's 5 Year Strategy is reviewed and approved by the Board each year. The strategic objectives in the update for 2021/22 to 2025/26 are, the Eildon Group will:

- Ensure the highest standards of governance and partnership working are adhered to, including compliance with our regulatory frameworks.

The Association is proud of our track record in governance practice and also fully committed to working constructively in partnership with a very wide range of statutory and non-statutory partner organisations. We operate in a very dynamic environment that requires us to respond to major shifts in policy, the creation of new organisations and agencies, and opportunities that emerge to collaborate with a range of partners to achieve mutual objectives.

- Ensure it operates within a sound financial framework, protecting our long-term viability whilst prudently utilising the inherent financial strength of the organisation in order to meet existing commitments and potential new opportunities.

Our financial strength provides the bedrock of our ability to respond to opportunities and be resilient through times of challenge. Inherent in our approach to our strategy is a clear and consistent approach to ensure the long-term viability of the organisation.

- Ensure the delivery of high quality, responsive and affordable housing and support services.

We recognise that our customer group is increasingly diverse and that we have to develop our services offered to segment how each customer group prefers to engage with us. Whilst we are increasingly focussed on utilising technology to help keep pace with the changing wishes of customer groups, we remain committed to respond to each segment of our customer base in a way that respect their wishes and preferences.

- Ensure the delivery of high quality, responsive and affordable care services.

The Scottish Borders as our focussed area of operation has a particular set of issues with respect to citizens who are vulnerable as a result of a range of conditions and experiences. We are focussed on working in partnership to assist these groups, in particular with respect to older people's care and support, assisting adults with learning disabilities, and providing support to assist people to live safely in their own homes through the Borders Care & Repair Service.

- Ensure the delivery of high-quality new homes and property asset management services.

We have an ambitious and highly innovative new home building programme to address the net shortage of affordable homes in our region. However, we are also investing heavily in our existing homes, both in terms of planned maintenance programmes and additional improvements to meet increasing customer expectations and other requirements placed on us such as contributing to efforts to reduce carbon emissions.

- Further develop its organisational capacity by reviewing existing practices and investing in its people and the technical infrastructure.

We can only achieve our ambitious objectives if we have a high performing staff team and organisational structure. We invest heavily in our staffing resources to ensure our people have the right skills, materials and support to deliver for us. In order to ensure we set high standards, we engage with a number of accreditation frameworks to provide us with support and reassurance. These include Investors in People (Remarkable) and EFQM (European Foundation for Quality Management).

3. RISKS AND UNCERTAINTIES

Like all businesses, the Association faces a wide variety of business related risks. During the year 2019/20 the risk management process was audited by the outsourced internal auditors. The process was given substantial assurance. The impact of welfare reforms on the business has been reflected in both the operational and strategic risks. In both exercises there were no residual risks that were severe. Those that were inherent 'severe' and residual 'major' can be summarised thus:

Business Area	Summarised Risks	Summarised Action to Mitigate Risks
STRATEGIC	Component replacement planning, lack of clarity for the sector going forward, activities of other organisations and customer aspirations. Welfare benefit reform and the pension liability. Regulator expectations on rent levels.	Property management strategy Pay & conditions review Customer profiling Scope planning & strategy testing Proactive internal communication External communication & lobbying
CORPORATE SERVICES	Inter-systems dependency, confidential issues, resource planning, skills gap to meet ever changing needs and inappropriate staff conditions.	Use of external expertise Audit tracking system and project planning Staff training and policies & procedures Staff consultation process External scrutiny and auditing
FINANCE	Unsustainable losses, unexpected interest rises, external & internal fraud and inability to react to changing environment.	Financial planning system Financial reporting system Internal control system Treasury management and hedging Agreed change plan External scrutiny and auditing
HOUSING AND CARE & SUPPORT	Arrears, voids and anti-social complaints increase, tenancy sustainment issues, impact of the welfare reforms, lack of revenue to meet support needs and inability to compete on care tenders.	Preventative monitoring & profiling Needs identification, use of the financial inclusion teams and a multi-agency approach Training and clear procedures Tenancy support intervention and pre-tenancy work Flexible service delivery
HOUSING DEVELOPMENT	Cost of development becomes unaffordable, funding regime is uncertain and agency contracts problematic.	Financial planning system Programmed management review Assess other funding models Project management Treasury management Engagement with the regulator

4. FINANCE

The Association made a surplus of £177k during the year and the Net Assets base reduced to £22.7m.

The Group made a surplus of £182k, after tax, during the year and the Net Assets reduced to £22.8m.

The financial performance over the past five years is analysed in Table 1, on page 22

Rent loss from voids

The target for the year was to keep voids below 1.29% of rental income receivable, and the actual is 1.55% (2020 – 0.77%).

Rent loss from bad debts

The target for the year was to keep bad debts below 1.64% of rental & service income receivable, and the actual is 0.15% (2020 – 0.28%).

Overall rent collection

Net arrears (arrears less prepayments) at 31 March 2021 have decreased by £5k since 31 March 2020. When combined with the variances from the above, produces a rent collected in the year of 97.1% which is below the target of 98.%. Outstanding net arrears at the year end represents 3.74% of the total rent roll (2020 – 4.04%).

5. HOUSING PROPERTIES

At 31 March 2021, the Association owned 2,594 homes. The properties are carried at the historic cost of £250m (2020 – £227m) which nets off to £76m (2020 – £66m) after depreciation and capital grants. Homes are funded by Social Housing Grant, loans and working capital.

In the reporting year there were two valuations carried out: one in July of 923 homes to secure new loan finance and the second in September of 296 homes as part of a bank covenant. When the July professional valuation is extrapolated across the whole stock a value in use of £105m is indicated (market value £256m). A similar exercise on the September valuation indicates an in-use value of £103m (market value £272m).

6. CAPITAL STRUCTURE AND TREASURY POLICY

In the year 2019/20 year the Association, with the aid of QMPF as treasury advisors and Santander as market agents, secured a £40m Private Placement facility from the Pension Insurance Corporation, London. In July of that year £25m of this facility was drawn down and the remaining £15m was drawn in July 2020. During the reporting year the Association negotiated a £11m facility with RBS that represented the refinancing of a £6m bullet point loan with an additional £5m to be drawn down in the future.

The Association borrows in accordance with the Board approved Treasury Policy and in line with the annual approved borrowing strategy. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, 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. At 31 March 2021, the mix of variable and fixed ratio was 19%:81% which is out of kilter with what traditionally is thought to be the good Treasury Management practice of 50%:50%. In the current market the best opportunities for long term finance is in the bond market which has fixed rates.

7. CASH FLOWS

Cash inflows and outflows during the year are shown in the Consolidated Cash Flow Statement (page 33).

The Group cash inflow from operating activities increased this year to £4,681k (2020 - £3,082k), a net £7,936k (2020 - £3,492k) was spent acquiring assets. There was an outflow from repaying loans of £430k (2020 - £426k); inflow from borrowings was £15,000k (2020 - £25,000k). The cost of financing was £2,161k (2020 - £1,666k) and the net debt moved from £73,903k in 2020 to £88,473k in 2021.

8. DONATIONS

The Group donated £4k (2020 - £2k) to charitable activities that included: The Lintel Trust, the Lavender Touch, Cash for Kids and Border Women's Aid and made no political donations.

9. DEVELOPMENT AND SALE OF PROPERTIES

During the reporting year the Association spent £22.5m (2020 - £16.5m) on building and purchasing houses (Note 12) of which £12.0m (2020 - £12.7m) was funded by grants received from the More Homes Division (East) of the Scottish Government (Note 20). At the reporting date there are no shared equity units unsold.

In the year the Association sold one shared ownership property and bought back one shared ownership property.

In the year ending 31 March 2022, it is expected that the Association will spend £49m on the development of new properties funded by £24m Housing Association Grant (HAG). This represents 312 units coming into management, 297 starting on-site and preparatory works for a further 250 units.



10. ASSET MANAGEMENT (PROPERTY MAINTENANCE)

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

- Routine Maintenance, which is carried out within five days of notification - expenditure in the year was £1,019k (2020 - £942k)
- 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 £904k (2020 - £870k)
- 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 £440k (2020 - £620k)

The reactive maintenance completed first time was 91.0% (2020 – 89.30%) and customer satisfaction returns gave a 87.06% (2020 – 93.53%) expression of satisfaction.

The Board is confident that the necessary funds will be available in the future to cover the Association's commitments under the Scottish Housing Quality Standards and the Energy Efficiency in Social Housing program.

11. CUSTOMER SERVICES

Housing

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation which ensures that the rent structure is easy to administer and covers the wide variations within the properties. This policy follows the generally accepted practice/principles of the Housing Movement. The rent reflective characteristics are:

- Flats with their own individual access
- Shower areas with a shower in addition to a bathroom
- An additional WC
- A separate dining room
- Driveway parking
- Lifts
- The lack of external drying facilities
- Sunspaces
- Homes covered by the 2010 building regulations
- Homes covered by the 2013 building regulations
- Homes covered by the 2016 building regulations

Work continues in keeping the period of time taken to re-let or let new properties as low as possible to ensure that we maximise our effectiveness in housing people in need and reduce our costs. However due to the Covid pandemic that work has been derailed in the reporting year and the average time taken to re-let properties has significantly increased to 62 days (2020 – 26 days).

Tenant involvement plays an important part in formulating and agreeing the Association's aims and objectives. The Customer Panel, the representative body for all our tenants, is recognised by our Board and The Scottish Housing Regulator. Through our Customer Engagement Officer, local groups of tenants are encouraged to become Registered Tenant Organisations. We continue to strengthen our Customer Opinion Group who act as a sounding board for changes in policy and practice affecting housing services. We also engage with tenants through our developing use of text, email and social media to share information and gather feedback. This has increased during the financial year as we have adapted our services in response to the pandemic.

During 2020/21 we have continued to work with our Customer Panel though meetings have been virtual and focused more on providing updates to our response to the pandemic, customer feedback and approving policy and practice areas.

We also seek formal feedback from tenants through monthly transactional surveys carried out by Research Resource, an external research company, to gain feedback on the services they received from us in the preceding month, and an annual satisfaction survey of a third of our tenants. Overall, the results from our surveys show high levels of tenant satisfaction in the quality of our housing and services, and where there are areas of improvement, we identify them and draw up an action plan to improve our service for all of our customers.

All tenants receive a regular newsletter called Connect. This gives them details of the activities carried out by the Association that are of most relevance to them. In addition, the use of social media has been harnessed, in particular Facebook and Twitter.

Our Customer Engagement Strategy is currently subject to review in discussion with tenants, staff and external stakeholders.



12. WIDER & AGENCY SERVICES

During the year the Group has provided:

- Modernisation services to Scottish Borders Housing Association
- Management services to Berwickshire Housing Association Intermediate Rent stock
- Management Services to Lucy Sanderson Homes
- An adaptations service to the Borders Housing Network

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

In addition to planned agency services, the Association has also used our position and strength to support our local communities through the pandemic by quickly establishing a highly effective emergency response Regional Food Hub.

With the support of the local authority we worked with one of our newer partner organisations 'Cyrenians' (the FareShare franchise organisation for South East Scotland) to increase emergency food supplies to our region. Through this mechanism we have supported over 20 local community groups delivering much needed support to vulnerable people throughout the Scottish Borders. We are now progressing discussions for how this valuable service can be sustained beyond the current pandemic period to provide support to a range of groups and services using food and healthy eating messages to promote wellbeing in our communities.

13. COVID-19 PANDEMIC

The Association responded quickly and decisively to the onset of the Covid-19 Pandemic. Our agile working practices allowed us to adapt effectively to the restrictions placed on all organisations by the public health measures that were put in place. We were able to co-ordinate our work with the statutory agencies through excellent partnership working arrangements and could therefore target our efforts to those most in need. In line with government restrictions, we had

to discontinue various activities at different times and this impacted on the work we had planned for 2020/21, as well as our budgetary process. In recognition of this we 'reset' our plan and budget in the year and adopted a very pragmatic approach to the emergency.

As well as the organisational impact of the pandemic, we were well aware of the issues that this situation would be causing to our customer base. Our colleagues responded to these needs through a range of measures and highly effective communications to ensure we remained close to our customers through this period to both provide advice and support and also to seek to limit any longer-term impact on the Association.

As restrictions lift, we have been able to carefully respond to circumstances and gradually reintroduce services and activities in a planned and safe manner. We recognise that the experience of the pandemic will likely have long-term and possibly permanent consequences for how society and all businesses go about their work. We have consulted our Board, colleagues and partner organisations on this and have a range of responses in hand as this situation develops.

14. STAFF PERFORMANCE MANAGEMENT

High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive Officer. Service delivery is underpinned by staff performance and continues to be a high priority.

During the year 2020/21 Eildon supported staff to achieve:

- Two Professional Development Awards in Management
- Two SVQ 4 Social Services & Healthcare
- Four SVQ 3 Social Services & Healthcare
- One NEBOSH (H&S) unit C
- One AAT Level 3 & 4

A range of training interventions including:

- Leadership Development – Common Purpose Programme
- Leadership Development - Scottish Enterprise's Managing People for Growth course
- Leadership Development - Scottish Enterprise's Growth Leadership
- CIH Leadership Development Course - Write Your Own Future
- CCN1 Gas Safety Reassessment
- Approved Electrician Advanced Competence Assessment
- Handle with Care, Identifying and Supporting Vulnerable People
- Energy Performance Certification
- De-escalating Aggression and Conflict
- EFQM Assessor course

Due to Covid-19 the normal range of health & safety courses to support mandatory training requirements was restricted to:

- First Aid
- Moving & Handling

Eildon's LMS library was hugely developed in April 2019 enabling an increasing number of mandatory and regulatory courses, as well as personal development, to be undertaken online. Libraries of courses cover:

- Change Management
- Communication and Social Skills - Social Media Awareness etc.
- Customer Service
- Finance
- Literacy Skills
- Management & Leadership – Coaching, Mentoring, Performance Management etc.
- Social and Corporate Responsibility – Cyber Security, Whistleblowing etc.
- Teamwork
- Health & Safety - Display Screen Equipment, Fire Safety, Asbestos Awareness, Legionella Awareness, Working with Steps and Ladders etc.
- Safeguarding - Adult Support & Protection etc.
- Personal Development – Setting Objectives, Making Objectives Happen etc.
- Career Development
- Data Protection – GDPR etc.
- Equality & Diversity – Age, Disability, Race etc
- Workplace Well-being - Mental Health, Mindfulness etc.

In the main, staff are consulted through the medium of the Staff Forum, although for specific issues questionnaires are used.

The staff attendance target is 96.5% and actual attendance for the year is 96.6% (2020 – 96.3%).

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 2021, the Association has obtained sufficient information to account for the scheme as a defined benefit scheme as fully disclosed in Note 23 (Page 59).

Table 1 – Group Highlights – Five Year Historical Summary

For the Year Ended 31 March	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Statement of Comprehensive Income					
Total turnover	15,703	15,316	14,591	13,356	12,756
Social lettings income	14,191	13,802	13,182	11,941	11,349
Operating surplus	3,501	3,200	3,000	3,258	3,480
Surplus/(deficit) for the year after tax	182	2,786	387	2,027	4,606
Statement of Financial Position					
Net housing properties	206,729	186,434	172,564	161,933	144,726
Other fixed assets	3,273	3,392	3,466	4,046	4,093
Fixed assets	210,002	189,826	176,030	165,979	148,819
Net current assets	28,949	22,571	6,063	1,912	6,081
Total assets less current liabilities	238,951	212,397	182,093	167,891	154,900
Long term liabilities	(84,905)	(68,997)	(52,211)	(43,742)	(43,539)
Deferred income	(131,022)	(120,558)	(109,826)	(104,480)	(93,719)
Net Assets	23,024	22,842	20,056	19,669	17,642
Reserves	23,024	22,842	20,056	19,669	17,642
Housing Stock (units)	2,594	2,583	2,514	2,421	2,337
Statistics					
Surplus for year as % of turnover	(0.3%)	18.2%	2.7%	15.2%	36.1%
Surplus for year as % of social lettings income	(0.3%)	20.2%	2.9%	16.9%	40.6%
Rent loss from voids in the year	1.55%	0.77%	1.09%	1.05%	0.98%
Rent collected in terms of rent collectable in the year	97.1%	97.7%	97.4%	97.6%	97.6%
Liquidity (Current Assets/Current Liabilities)	3.2/1	3.3/1	2.4/1	1.5/1	3.3/1
Gearing (Total Loans as % of Capital Grants plus Reserves)	31.8%	30.1%	38.0%	33.5%	35.9%

C

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 2022
- The 5 Year Viability Plan including Cashflow to 31 March 2026 that is scrutinised by the Regulator
- The 60 Year Plan including Cashflow to 2081

Based on these documents and the following facts:

- There is no sign of impairment of the housing stock through increased voids
- 90.37% of the turnover is rent related
- 5.43% of the turnover is Care or Support income from the Local Authority
- 2.73% 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 81% fixed mostly at favourable rates
- The Association has, at 31 March 2021, 427 unencumbered properties
- The Association has, at 31 March 2021, £39.6m in cash
- The Reserves of the Association are over £22.7m

In 2021/22 the Association will use the large cash balance to fund 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.

In making that statement the Board are aware of the Covid-19 emergency and the impact it will have on the business and are confident that it will not cause the Association to cease trading or liquidate.

D

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 mis-statement 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 2021 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.

E

Auditor

Chiene + Tait were appointed on a five-year contract subject to annual reappointment at the AGM in September 2016. Chiene + Tait has indicated their willingness to continue in office and the Board has agreed to a two year extension to the contract. A resolution proposing their appointment for 2021/22 will be submitted to the AGM on 1 September 2021.

By order of the Board

14 July 2021

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Mr N J Istephan
Secretary

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

Opinion

We have audited the financial statements of Eildon Housing Association Limited (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2021 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, Group Statement of Changes in Reserves, the Group and Association Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's and the Group's affairs as at 31 March 2021 and of the Association's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements – February 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the Operating and Financial Review and Board of Management Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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:

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of Board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

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

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

13 August 2021

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 24 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.

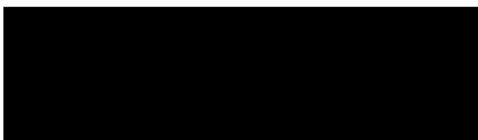
Basis of Opinion

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 24 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.



CHIENE + TAIT LLP
13 August 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

GROUP	Notes	2021 £'000	2020 £'000
Turnover	2	15,703	15,316
Less: operating expenditure	2	12,202	12,116
Operating Surplus		3,501	3,200
Loss on disposal of property, plant & equipment	7	144	(180)
Interest receivable	8	115	260
Interest and financing costs	9	(2,763)	(2,329)
Movement in fair value of financial instruments	18	290	(190)
Surplus before Tax		1,287	761
Taxation	10	(1)	(1)
Surplus for the Year	6	1,286	760
Re-measurement caused by actuarial valuation	19	(1,104)	2,026
Total Comprehensive Income for the Year		182	2,786

ASSOCIATION	Notes	2021 £'000	2020 £'000
Turnover	2	15,682	15,280
Less: operating expenditure	2	12,198	12,113
Operating Surplus		3,484	3,167
Income from group undertakings		11	22
Loss on disposal of property, plant & equipment	7	144	(180)
Interest receivable	8	115	260
Interest and financing costs	9	(2,763)	(2,329)
Movement in fair value of financial instruments	18	290	(190)
Surplus for the Year	6	1,281	750
Re-measurement caused by actuarial valuation	19	(1,104)	2,026
Total Comprehensive Income for the Year		177	2,776

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	GROUP		ASSOCIATION	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed Assets					
Housing properties	12	206,729	186,434	206,729	186,434
Other fixed assets	13	2,998	3,117	2,998	3,117
Fixed asset investments	14	275	275	275	275
		210,002	189,826	210,002	189,826
Current Assets					
Trade and other debtors	15	2,632	1,812	2,675	1,862
Cash and cash equivalents		39,614	30,459	39,464	30,306
		42,246	32,271	42,139	32,168
Current Liabilities					
Creditors amounts falling due within one year	16	(13,297)	(9,700)	(13,292)	(9,694)
		(13,297)	(9,700)	(13,292)	(9,694)
Net Current Assets		28,949	22,571	28,847	22,474
Total Assets Less Current Liabilities		238,951	212,397	238,849	212,300
Creditors: Amounts Falling Due More Than One Year					
Pension creditor	17	(1,453)	(366)	(1,453)	(366)
Other creditors	17	(83,452)	(68,631)	(83,452)	(68,631)
	17	(84,905)	(68,997)	(84,905)	(68,997)
Deferred Income					
Social housing grants	20	(131,045)	(120,479)	(131,045)	(120,479)
Other grants	20	23	(79)	23	(79)
		(131,022)	(120,558)	(131,022)	(120,558)
Total Net Assets		23,024	22,842	22,922	22,745
Capital and Reserves					
Share capital	25	0	0	0	0
Revenue reserves		23,024	22,842	22,922	22,745
Total reserves		23,024	22,842	22,922	22,745

The financial statements on pages 30 to 63 were approved by the Board of Management and authorised for issue and were signed on its behalf by:

Mr D Alexander		(Chairman)
Ms C Fancy		(Vice Chairman)
Mr N J Istephan		(Secretary)
	14 July 2021	(Date)

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2021

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Balance at 1 April 2020	22,842	20,056	22,745	19,969
Other comprehensive income for the year	182	2,786	177	2,776
Balance at 31 March 2021	23,024	22,842	22,922	22,745

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	GROUP		ASSOCIATION	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Net cash inflow from operating activities	A	4,681	3,082	4,683	3,114
Investing activities					
Acquisition and construction of properties		(18,968)	(16,502)	(18,968)	(16,502)
Purchase of tangible fixed assets		(135)	(80)	(135)	(80)
Social housing grant received		10,909	12,829	10,909	12,829
Proceeds on disposal of properties		144	-	144	-
Interest received on cash and cash equivalents		115	260	115	260
Net cash outflow from investing activities		(7,935)	(3,493)	(7,935)	(3,493)
Financing activities					
New secured loans		15,000	25,000	15,000	25,000
Interest paid on loans		(2,161)	(1,666)	(2,161)	(1,666)
Loan principal repayments		(430)	(426)	(430)	(426)
Share capital issued		-	-	-	-
Net cash inflow/(outflow) from financing		12,409	22,908	12,409	22,908
Increase/(Decrease) in cash		9,155	22,497	9,157	22,529
Opening cash and cash equivalents		30,459	7,962	30,307	7,778
Closing cash and cash equivalents		39,614	30,459	39,464	30,307

A. Net Cash Inflow from Operating Activities

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus for the year	182	2,786	177	2,776
Depreciation of tangible fixed assets	2,831	3,226	2,831	3,226
Amortisation of capital grants	(1,913)	(1,923)	(1,913)	(1,923)
Change in debtors	(345)	(485)	(280)	(430)
Change in creditors	2,815	(936)	2,758	(948)
Taxation	1	1	-	-
Loss on disposal of property, plant & equipment	(144)	180	(144)	180
Interest paid	2,763	2,329	2,763	2,329
Interest received	(115)	(260)	(115)	(260)
Movement in fair value financial instrument	(290)	190	(290)	190
Actuarial loss in respect of pension scheme	(1,104)	(2,026)	(1,104)	(2,026)
Balance as at 1 April	4,681	3,082	4,683	3,114

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

B. Analysis of Changes in Net Debt

	Long Term	Short Term	Total Liabilities	Cash & Equivalents	Total Net Debt
As at 1 April 2020	66,887	7,016	73,903	(38,421)	35,482
Cash Flows	14,569	1	14,570	(1,193)	13,377
As at 31 March 2021	81,456	7,017	88,473	(39,614)	48,859

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**1. Principal Accounting Policies 2021****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 6.

ii) Basis of Accounting

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

The financial statements are prepared in sterling (£).

iii) Estimation Uncertainty

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

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

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

iv) Going Concern

Based on the statement of going concern set out on page 23 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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**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 current asset and related sales proceeds are included in turnover.

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

xi) Other Fixed Assets (Note 13)

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

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**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.

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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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.

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 12 and 14)

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

xviii) Financial Instruments (Note 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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 tenant rent arrears and the arrears balances of all current tenants that have arrears over 3 months.

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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

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).

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

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

xix) Pensions (Note 23)

The Association participates in a funded multi-employer defined benefit scheme, the Scottish Housing Associations' Pension Scheme (SHAPS).

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2018 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

GROUP

		2021		2020	
		Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit)
	Notes	£'000	£'000	£'000	£'000
Affordable letting activities	3	14,191	9,814	4,377	3,971
Other activities	4	1,512	2,388	(876)	(771)
Total 2021		15,703	12,202	3,501	3,200
Total 2020		15,316	12,116	3,200	

ASSOCIATION

		2021		2020	
		Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit)
	Notes	£'000	£'000	£'000	£'000
Affordable letting activities	3	14,170	9,810	4,360	3,938
Other activities	4	1,512	2,388	(876)	(771)
Total 2021		15,682	12,198	3,484	3,167
Total 2020		15,280	12,113	3,167	

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

GROUP				2021	2020
	General Needs Social Housing £'000	Supported Social Housing Accom £'000	Shared Ownership Accom £'000	Total £'000	Total £'000
Rent receivable net of service charges	11,234	498	205	11,937	11,475
Service charges	149	252	-	401	408
Gross income from rents and service charges	11,383	750	205	12,338	11,883
Less voids	159	33	-	192	91
Net income from rents and service charges	11,224	717	205	12,146	11,792
Amortised grant	1,823	80	9	1,912	1,908
Grants from the Scottish Ministers	79	28	-	107	68
Other revenue grants	13	-	-	13	17
Other	13	-	-	13	17
Non-rental income	1,928	108	9	2,045	2,010
Total turnover from affordable letting activities	13,152	825	214	14,191	13,802
Management and maintenance administration costs	3,757	352	55	4,164	4,172
Service costs	143	221	-	364	324
Planned & cyclical maintenance including major repairs	855	49	-	904	870
Reactive maintenance costs	961	58	-	1,019	942
Other property costs	211	-	5	216	261
Bad debts – rents and service charges	21	0	-	21	170
Depreciation of affordable let properties	2,959	147	20	3,126	3,092
Operating costs for affordable letting activities	8,907	827	80	9,814	9,831
Operating surplus for affordable letting activities	4,245	(2)	134	4,377	3,971
Operating surplus for affordable letting activities for 2020	3,919	(80)	132	3,971	

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

ASSOCIATION				2021	2020
	General Needs Social Housing £'000	Supported Social Housing Accom £'000	Shared Ownership Accom £'000	Total £'000	Total £'000
Rent receivable net of service charges	11,080	498	205	11,783	11,327
Service charges	149	252	0	401	408
Gross income from rents and service charges	11,229	750	205	12,184	11,735
Less voids	147	33	0	180	89
Net income from rents and service charges	11,082	717	205	12,004	11,646
Amortised grant	1,823	80	9	1,912	1,908
Grants from the Scottish Ministers	79	28	0	107	68
Other revenue grants	13	0	0	13	17
Other	134	0	0	134	127
Non-rental income	2,049	108	9	2,166	2,120
Total turnover from affordable letting activities	13,131	825	214	14,170	13,766
Management and maintenance administration costs	3,753	352	55	4,160	4,169
Service costs	143	221	-	364	324
Planned & cyclical maintenance including major repairs	855	49	-	904	870
Reactive maintenance costs	961	58	-	1,019	942
Other property costs	211	-	5	216	261
Bad debts – rents and service charges	21	0	-	21	170
Depreciation of affordable let properties	2,959	147	20	3,126	3,092
Operating costs for affordable letting activities	8,903	827	80	9,810	9,828
Operating surplus for affordable letting activities	4,228	(2)	134	4,360	3,938
Operating surplus for affordable letting activities for 2020	3,886	(80)	132	3,938	

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

GROUP & ASSOCIATION	2021						2020
	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							
Care & Repair	243	-	57	300	244	56	34
Factoring	-	-	9	9	12	(3)	(8)
Development and construction of property activities	8	-	0	8	450	(442)	(419)
Support activities	56	153	852	1,061	1,564	(503)	(457)
Agency management services for RSLs	14	3	3	20	20	(0)	(1)
Other activities	-	-	114	114	98	16	71
Total from other activities	321	156	1,035	1,512	2,388	(876)	(771)
Total from other activities for 2020	287	187	1,040	1,514	2,285	(771)	

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Accommodation in Management

GROUP & ASSOCIATION	2021 (Units)	2020 (Units)
The number of units of accommodation in management at the year end was:		
General needs housing	2,390	2,377
Shared ownership	62	64
Supported housing	142	142
Total units in management	2,594	2,583

6. Surplus/(Deficit) for the Year

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus is stated after charging:				
Depreciation of housing properties	3,126	3,093	3,126	3,093
Depreciation of other tangible fixed assets	155	133	155	133
Surplus on disposal of tangible fixed assets	144	(180)	144	(180)
Fees payable to Chiene + Tait and its associates in respect of both audit and non-audit services are as follows:				
Audit related assurance services	23	21	21	19
Taxation compliance services	1	2	0	0
	24	23	21	19

7. Gain on Disposal of Plant & Equipment

GROUP & ASSOCIATION	2021 Total £'000	2020 Total £'000
Housing properties		
Net proceeds	72	0
Less asset cost and recycled grant	(38)	(432)
Accumulated depreciation	110	252
	144	(180)

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Interest Receivable

GROUP & ASSOCIATION	2021 £'000	2020 £'000
Bank deposit interest	115	260

9. Interest and Financing Costs

GROUP & ASSOCIATION	2021 £'000	2020 £'000
Loan interest		
Interest payable	2,763	2,329
Pension deficit movement	1,087	(1,927)

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:

	2021 £'000	2020 £'000
Tax charge in the year	1	1
Tax credit on profit on ordinary activities	1	1

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

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

11. Employees

GROUP & ASSOCIATION

Officers' emoluments	2021 £'000	2020 £'000
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Aggregate emoluments (excluding pension contributions) for all directors employed during the year (five) as detailed on page 4.	393	411
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The emoluments of the Chief Executive (excluding pension emoluments)	119	116
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Aggregate pension contributions in relation to the above key management personnel	33	36
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No payments or fees or other remuneration was made to the Board members during the year.

The number of directors whose emoluments (excluding pension contribution) paid were:

	No.	No.
£110k - £120k	1	1
£100k - £110k	2	-
£90k - £100k	1	3

During the year, and as detailed on page 4, the Director of Property Assets, Mr J Duncan resigned from the association on 14 August 2020, and was replaced by Mr N Wilson-Prior, Director of Property Assets appointed 9 November 2020.

GROUP & ASSOCIATION

	2021 £'000	2020 £'000
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Staffing costs:		
Salaries	3,930	3,656
Social security costs	359	333
Defined contribution pension costs	331	310
Defined benefit pension deficit	521	544
Agency staffing cost	0	6
	5,141	4,849

	No.	No.
Average monthly number of employees (full time equivalent)		
Office based	83	79
Project based	37	36
Total	120	115

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. Tangible Fixed Assets – Housing Properties

GROUP & ASSOCIATION

	Completed Properties		Under Construction	
	Held for Let £'000	Shared Ownership £'000	Held for Let £'000	Total £'000
COST				
At 1 April 2020	203,000	2,637	21,415	227,052
Additions – new & existing stock	508	-	22,014	22,522
Additions – component replacement	440	-	-	440
Transfers	-	-	-	-
Disposal – Existing Stock	-	(80)	-	(80)
Disposal – component replacement	(114)	-	-	(114)
At 31 March 2021	203,834	2,557	43,429	249,820
DEPRECIATION				
At 1 April 2020	39,614	1,004	-	40,618
Charge	2,542	46	-	2,588
Disposal - Existing Stock	-	(47)	-	(47)
Disposal – component replacement	(68)	-	-	(68)
At 31 March 2021	42,088	1,003	-	43,091
Net book value at 31 March 2021	161,746	1,554	43,429	206,729
Net book value at 31 March 2020	163,386	1,633	21,415	186,434

During the year the amount of works to existing properties that were capitalised was £291k (2020 - £455k), out of a total spend of £2,214k (2020 - £2,267k).

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 2020	219	48	547	127	3,491	4,432
Additions	-	-	57	76	21	154
Disposal	219	1	134	29	188	571
At 31 March 2021	0	47	470	174	3,324	4,015
Depreciation						
At 1 April 2020	219	44	490	96	463	1,312
Charge for year	0	4	54	30	68	156
Disposal	219	1	133	29	69	451
At 31 March 2021	0	47	411	97	462	1,017
Net book value at 31 March 2021	0	0	59	77	2,862	2,998
Net book value at 31 March 2020	0	4	55	30	3,028	3,117

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

14. Fixed Asset Investments

GROUP & ASSOCIATION

	2021 £'000	2020 £'000
Heritable investment property	275	275

In 2013/14 the three commercial properties; one in Galashiels, one in Peebles and one in Denholm were valued by Allied Surveyors Scotland plc. The market value was estimated to be £275k for existing use as office accommodation or shops. The carrying value prior to the transfer to the investment property category was £373k and therefore an impairment charge of £98k was charged to the income and expenditure account in 2013/14. We do not believe this valuation has altered materially.

Mr. Robert Smith Bsc (Hons) MRICS of Allied Surveyors Scotland plc has reported that little or no movement has taken place in the local market in 12 months.

15. Debtors

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts falling due within one year:				
Rental debtors	725	719	725	717
Provision for bad debts	(510)	(507)	(510)	(507)
	215	212	215	210
SHG Receivable	2,053	921	2,053	921
Other debtors	167	507	167	507
Owed by group undertakings	-	-	43	52
Prepayments and accrued income	197	172	197	172
	2,632	1,812	2,675	1,862

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16. Creditors – Amounts Falling Due Within One Year

	GROUP		ASSOCIATION	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Housing loans (Note 17)	7,017	7,016	7,017	7,016
Rent & services charged in advance	263	232	263	232
Trade creditors	4,179	842	4,179	839
Other taxation & social security costs	110	106	110	103
Unpaid contributions for retirement benefits	536	504	536	504
Other creditors	304	317	304	317
Deferred income – non-liquid creditors	122	122	122	122
Accruals and deferred income	766	561	761	561
	13,297	9,700	13,292	9,694

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

GROUP & ASSOCIATION

	Notes	2021 £'000	2020 £'000
Bank and building society loans		81,269	66,698
Local authority and other loans		187	189
		81,456	66,887
Other creditors			
Development retentions		853	311
Future pension liability	19	1,453	366
Financial instruments (SWAP)	18	1,143	1,433
		3,449	2,110
		84,905	68,997

Other Creditors

Development retentions due for properties currently under construction.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**17. Creditors – Amounts Falling Due After More Than One Year (cont'd)****Loans**

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest (2020/21 average 2.99%), in instalments due as follows:

GROUP & ASSOCIATION

	2021 £'000	2020 £'000
Due within 1 year: (Note 16)		
Bank and building society loans	7,016	7,015
Local authority and other loans	1	1
	7,017	7,016
Due within 1 to 2 years:		
Bank and building society loans	1,009	1,226
Local authority and other loans	4	1
	1,013	1,227
Due within 2 to 5 years:		
Bank and building society loans	2,008	2,608
Local authority and other loans	4	6
	2,012	2,614
Due after 5 years:		
Bank and building society loans	78,251	62,863
Local authority and other loans	180	183
	78,431	63,046
	88,473	73,903

Financial Instruments

Due to the nature of the Association's business, the only financial risks the Board consider relevant to the Association is 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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18. Financial Instruments

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities				
Long term borrowing	3,000	1,735	3,000	1,445
Interest rate SWAP	-	1,265	-	1,555
	3,000	3,000	3,000	3,000
	2021			
	£'000			
Due within 1 year	122			
Due more than 5 years (Note 17)	1,143			
	1,265			

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.

19. Future Pension Liability (Provisions)

	2021 SHAPS Pension £'000
Pension	
1 April 2020	366
Deficit contribution paid	(523)
Unwinding of discount factor	20
Change in discount rate	(1,852)
Remeasurement	-
31 March 2021	(1,989)
	2021
	£'000
Due within 1 year	536
Due more than 5 years (Note 17)	1,453
	1,989

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

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

20. Deferred Income

	2021 £'000	2020 £'000
Social housing grants		
Balance as at 1 April 2020	120,479	109,732
Additions	12,017	12,655
Amortisation in year	(1,451)	(1,908)
Balance as at 31 March 2021	131,045	120,479
Other grants		
Balance as at 1 April 2020	79	94
Amortisation in year	(102)	(15)
Balance as at 31 March 2021	(23)	79

21. Client Bank Account

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

	2021 £	2020 £
Balance as at 1 April 2020	72,221	90,350
Payment to contractors	(704,634)	(865,717)
Income*	690,493	848,352
Bank Charges	(605)	(764)
Balance as at 31 March 2021	57,475	72,221

*Income received by and on behalf of Care & Repair

22. Commitments

GROUP & ASSOCIATION

	2021 £'000	2020 £'000
Capital commitments		
Capital expenditure authorised but not contracted for	60,279	62,806
Capital expenditure that has been contracted for but has not been provided for in the financial statements	34,263	20,604

The amount contracted for at 31 March 2021 will be funded from grants approved by The Scottish Housing Regulator, financed from private loans or met from the Association's reserves.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

23. Pensions

Scottish Housing Associations' Pension Scheme

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

	2021 £'000	2020 £'000
Fair value of plan assets	18,328	16,570
Present value of defined benefit obligation	20,317	16,936
Surplus (deficit) in plan	(1,989)	(366)
Defined benefit asset (liability) to be recognised	(1,989)	(366)

Reconciliation of opening and closing balances of the defined benefit obligation

	2021 £'000
Defined benefit obligation at start of period	16,936
Expenses	17
Interest expense	399
Actuarial losses (gains) due to scheme experience	(75)
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	3,391
Benefits paid and expenses	(351)
Defined benefit obligation at end of period	20,317

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

	2021 £'000
Fair value of plan assets at start of period	16,570
Interest income	396
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,190
Contributions by the employer	523
Benefits paid and expenses	(351)
Fair value of plan assets at end of period	18,328

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,586,000

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**Defined benefit costs recognised in statement of comprehensive income (SOCl)**

	2021 £'000
Expenses	17
Net interest expense	3
Defined benefit costs recognised in statement of comprehensive income (SOCl)	20

Defined benefit costs recognised in other comprehensive income

	2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	1,190
Experience gains and losses arising on the plan liabilities - gain (loss)	75
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)	(3,391)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(2,126)
Total amount recognised in other comprehensive income - gain (loss)	(2,126)

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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 financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 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.

Deficit contributions

The total scheme pension cost for the Association was £852,135 (2020: £836,621). Retirement benefits are accruing under this scheme in respect of one Director. Best estimate of contributions to be paid to the Scheme in the next accounting period are ordinary contributions of £421,322 and additional contributions for past service deficit of £519,054. There is a provision for future payments of £1,989k (Note 19).

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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.

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.

EHA - NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

25. Called Up Share Capital

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£	£	£	£
Allotted, Issued and Fully Paid: Shares of £1 each				
At 1 April	87	95	87	95
Issued in year at par	6	5	6	5
Cancelled in year	(16)	(13)	(16)	(13)
At 31 March	77	87	77	87

The shares were allotted to individuals wishing to become members.

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

26. Related Party Transactions

Eildon Enterprise Ltd

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

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

The Chairman, Vice Chairman, 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.

	2021	2020
	£'000	£'000
Consultancy services provided to EEL	121	110
Amount due from EEL at the year end	43	74
Amount due to EEL at the year end	-	-

Tenant board members:

	2021	2020
	£	£
Payments to EHA Board Members who are tenants	0	0
Amount due from EHA at the year end (paid in advance)	0	0

The EEL Balance Sheet and Profit & Loss Account, along with Eildon Housing Association make up the Group accounts financial statements (pages 31 - 34).



EILDON HOUSING ASSOCIATION

The Weaving Shed Ettrick Mill Dunsdale Road Selkirk TD7 5EB

Tel: 01750 725900 Email: enquiries@eildon.org.uk

www.eildon.org.uk