EILDON HOUSING ASSOCIATION LIMITED

Annual Report and Consolidated Financial Statements for the year ended 31 March 2026

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

www.eildon.org.uk

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Picture on front cover: One of our new properties at Edgar Court, Westruther

Report from the Board of Management

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Introduction

We are pleased to present the 2025/26 Annual Report for the Eildon Group (Eildon) based in the Scottish Borders and made up of parent company Eildon Housing Association Ltd (EHA), and Eildon Enterprise Ltd (EEL).

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

We are recognised as a leading Scottish housing and care provider, and we are committed to excellence in everything we do and continue to grow by building new homes and developing innovative new services. A number of awards gained during the year validate this recognition, especially winning the Chartered Institute of Housing's award for Housing Organisation of the Year 2024.

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

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Our Purpose and Strategy

1. OUR CORPORATE PURPOSE

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

2. OUR VALUES

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

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

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

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

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

3. OUR 5-YEAR STRATEGY 2025/26 – 2029/30

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

In April 2025, the Board approved an updated 5-year Strategy 2025/26 to 2029/30 which responded to some significant challenges in an ambitious and progressive way. It also covers the period during which Eildon marked 50 years of service to the people and communities that we were set up to support. The current strategy is focused on the following key themes:

Delivering for Our Customers	We will progress our customer experience improvement journey, seeking to deliver high quality, value for money services. We will utilise our knowledge and data to inform our decisions and improvement focus.
Innovation and Modernisation	We will progress the delivery of the expansion of in-house service delivery opportunities. Exploring opportunities to enhance our procurement activities to drive better value for money purchasing and, working with our partners, seek to expand the services delivered by our Care & Repair Service.
Investment in Our Homes	We will continue to utilise our asset data to improve our planning and investment in our homes, including decarbonisation and retrofit initiatives, ensuring these assets continue to perform and deliver value and comfort for our customers.
Growth and Meeting Need	We will continue to invest in our new building programme and innovative models for housing delivery, and to contribution to the Scottish Borders health and social care eco-system.
Developing Our People	We will establish our future approach to people, talent, and development to ensure we continue to be recognised as an employer of choice in the Scottish Borders.
Supporting Our Communities	We will progress our plans to develop our capability to secure funding and creatively use our community benefit income to deliver sustainable interventions in our communities.

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

4. OUR STRATEGIC OBJECTIVES

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

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

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Strategic Review

1. OUR PLANS FOR 2025/26

In March 2025, the Board approved the 2025/26 SIP, Performance Targets, Budget, Treasury Management Strategy (TMS), and Development Programme. These set out the key activities and performance targets that would direct the work undertaken in the year and which would contribute towards the delivery of our strategy and objectives.

The economic environment continues to be challenging with 2025/26 ending with a greater degree of global economic uncertainty due to ongoing global conflicts. The cost of construction and higher interest costs have resulted in poorer viability assessments for our development plans resulting in Eildon having to manage profile of delivery and adjust its Business, Financial, Treasury and Development plans in response to this.

2. OUR ECONOMIC AND OPERATING ENVIRONMENT 2025/26

Inflation and Interest Rates
Key economic indicators that affect Eildon include interest rates and consumer price inflation (CPI), and at the time of the approval of the 2025/26 plan, the Bank of England base rate (the Base Rate) was 4.5% and CPI was 2.8%, following a series of reductions during 2024 and 2025 as inflationary pressures eased. However, more recently, renewed global energy and supply chain pressures have led to some rebound in inflation, with CPI rising to 3.3% in March 2026, above the Bank of England's 2% target.

The assumptions in the 2025/26 plan were that CPI would average around 3% for the year peaking in December 2025 before gradually reducing through 2026 and stabilising at 2% in 2027. The reality was that CPI remained elevated and ran consistently above 3% for much of 2025 with several months closer to 3.5% to 3.8%. The average for the year being 3.4%. Progress towards the 2% has been slower than assumed due to the impact of the conflict in the Middle East's impact on oil prices, with CPI as of March 2026 still at 3.3%, and remaining uncertainty around when this will start to decrease.

The interest rate assumption used for the 2025/26 plan was that the Bank of England base rate would average approximately 4.25% over the year before declining to around 4% in subsequent years. This represented a revision upwards to the assumed long term cost of borrowing compared to prior plans and a continuation of the shift away from the ultra-low interest rate environment that had prevailed in earlier years. During the year, the Bank of England cut rates twice during the year slightly ahead of the plan assumptions resulting in an average rate for 2025/26 of 4%, with Bank Base Rates ending the year at 3.75%.

New build construction costs and housing repairs and maintenance inflation continued to rise, though broadly in line with general inflation. However, specialist components and services increased faster—typically 6–8%—reflecting labour shortages, regional supply constraints and cost pressures related to National Insurance and although these pressures were reflected in our viability planning assumptions, tender returns for both planned investment and new build works during 2025/26 continued to be higher than initially anticipated.

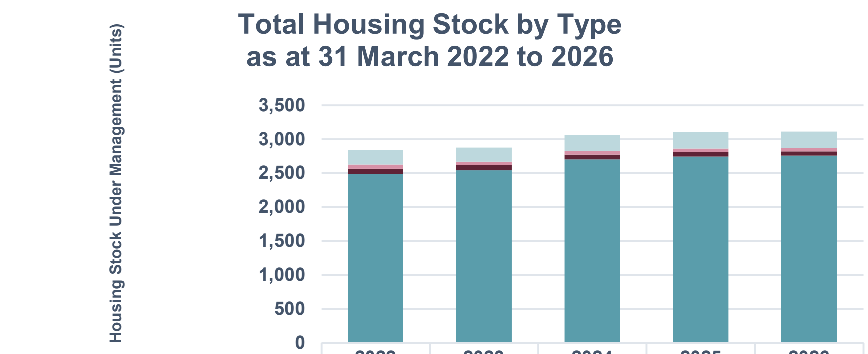
Wage Inflation
Reflecting continued cost of living pressures, the Scottish Living Wage increased to £12.60 per hour for 2025/26, representing an increase of approximately 5% on the previous year with other staff grades receiving a 3% increase. In addition, the UK Government changed the Employers' National Insurance Contribution, increasing the rates and reducing the thresholds from 1 April 2025, resulting in over a 35% increase in Eildon's National Insurance costs for 2025/26.

Care and Supported Housing Services
During 2025/26 Eildon operated three integrated extra care housing services at Dovecot Court, Wilkie Gardens and Poynder Apartments and two supported housing services for adults with learning disabilities at Station Avenue and Poynder Gardens. Eildon is now providing over 2,500 hours of commissioned care per week across our supported housing services.

Development Programme
We added ten highly energy efficient homes to our housing stock, completing the work at our site in Edgar Road, Westruther. Construction is well underway on the Caledonian Court, Peebles site with completion of 22 new homes expected at the end of 2026/27. This progress has only been possible due to strong collaboration with both our funding partners, the Scottish Government and Scottish Borders Council, and our construction partners.

The higher interest rates have also meant that the viability of our new build projects in development are continually reviewed to ensure that any changes are fully understood and managed, and that these are shared with our funding and construction partners so that solutions to these challenges can be identified to support the ongoing development of more new homes in the Scottish Borders.

Our Housing Stock
Our total housing stock increased to 3,113 units under management (2025: 3,103). This 0.3% increase incorporated ten new build properties completed during 2025/26 under the development programme. This chart illustrates how our housing stock has grown over the past five years, with an additional 272 homes since March 2022, representing a 9.6% increase in our housing stock.



	2022	2023	2024	2025	2026
Supported housing	218	207	244	244	244
Shared ownership	59	56	52	51	49
MMR - General Needs	80	72	68	65	63
Social Housing - General Needs	2,484	2,542	2,702	2,743	2,757

Community Partnership
The Community Partnership Team continues to develop partnerships to deliver a range of community based initiatives to support our customers and their communities, with a focus on health and wellbeing projects. Notable successes in 2025/26 include securing £24.5k funding for a Fareshare Employability Project from Allia C&C in addition to the continuation of previously funded projects from the National Lottery to continue the Older People Active Lives (OPAL) programme; strengthening our delivery of the Borders Food Hub supporting a range of local pantries and food banks across the Scottish Borders; and working with Energy Advisory Scotland to enhance our support to customers experiencing fuel poverty through the provision of an in-house energy adviser and funding support to our customers.

Sustainability Strategy
Our Sustainability activities included completing our Connected Response project with funding from the South of Scotland Enterprise (SOSE), providing storage heater sensors to 166 properties across nine developments. This aims to support our tenants in managing their heating costs.

3. OUR PERFORMANCE 2025/26

The Board approved Key Performance Indicators (KPIs) in March 2026 in conjunction with a suite of other internal performance targets on which Eildon's activities are measured and reported upon.

Our Customers

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

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

Customer Satisfaction

For the year ending 31 March 2026	Actual	Target	Previous Year
Tenants satisfied with overall service	**84%**	85%	82 %

The overall result of the annual customer satisfaction survey is that **84% of our tenants were either satisfied or very satisfied** with Eildon's overall service. These results demonstrate that Eildon is continuing to progress in the direction of our ambition in relation to our customers' satisfaction.

Complaints Handling

For the year ending 31 March 2026	Actual	Target	Previous Year
Tenants satisfied with complaint handling	**33%**	50%	50%
Average time taken to provide a full response (working days):			
Stage 1 complaints	**3.4 days**	4.0 days	3.8 days
Stage 2 complaints	**17.1 days**	18.0 days	23.6 days

The overall result is that the **33% satisfaction with complaint handling** is a decrease on the previous year and below target. Our Stage 1 complaints have been responded to within both the target and SPSO requirement of five days. In relation to Stage 2 complaints the time to respond is within both the target and SPSO requirement.

We continue to invest in activities to improve the quality of our reporting for complaints. During 2025/26, we introduced additional reporting and training that was rolled out to all staff and the second half of the year produced an average of 52% satisfaction, demonstrating improvement. Focus is now moving onto ensuring that the lessons learned from our complaints are embedded into our service.

Repairs and Maintenance

For the year ending 31 March 2026	Actual	Target	Previous Year
Tenants satisfied with repairs or maintenance	**88%**	90%	90%
% Reactive repairs completed right first time	**97%**	90%	81%
Non-emergency repairs Average length of time per repair	**10.9 days**	10.0 days	13.2 days

Tenant satisfaction with their repairs and maintenance decreased slightly at **88%** (2025: 90%) and is marginally below target. In addition to this, our reactive repairs completed right first time increased to **97%** (2025: 90%). This reflects the implementation of the updated definition issued for the Annual Return on the Charter (ARC) indicators. Our non-emergency repair time has decreased to **10.9 days** (2025: 10.0 days) and, although below target, reflects our endeavour to use our information and working relationships across the sector to improve our performance in this area.

Housing & Tenancy Management

For the year ending 31 March 2026	Actual	Target	Previous Year
Average time to re-let a property	**36 days**	28 days	32 days
% Rent lost due to voids*	**1.18%**	1.10%	0.88%
Rent arrears (all tenants) % rent due in the period*	**4.35%**	5.73%	4.27%

**Note these are based on the Annual Return on the Charter (ARC) calculation basis as opposed to the figures in Table 1 – Group Highlights on page 15 which are based on the total financial results for the reporting year.*

The 36-day average time to re-let a property is a deterioration on the previous year's performance. Relet times have been negatively impacted by the scale of work required to bring properties back to a lettable standard when a property becomes void between relets. As a result, the rent lost to voids and rent arrears % are slightly above previous year, however, % rent arrears are still below the target.

Our Staff

For the year ending 31 March 2026	Actual	Target	Previous Year
% Staff attendance - all staff	**94.8%**	94.5%	95.7%
% Staff turnover – all staff	**21.7%**	20.0%	16.7%

We employed an average of 199 full time equivalent employees (FTE) during the year, an increase of 6.4% on the previous year and relating to the start of our new service at Poynder Gardens, Kelso. We ended the year with a workforce of 197 FTE of which 53% are employed within our care and support services. Despite this growth and change in our workforce we have achieved 94.8% staff attendance on average throughout the year. Our staff turnover of 21.69% is a slight decline on the previous year. Our colleagues are key to providing high quality services and we pride ourselves on being a Living Wage employer and investing in the ongoing development of our staff.

4. OUR ACHIEVEMENTS 2025/26

During 2025/26, through significant commitment and effort, our people have enabled us to achieve a significant amount. The following highlights some of these:

Delivering for Our Customers

- Customer Charter with Customer Commitments approved to create a consistent ethos of Eildon Customer Service.
- Providing tenants with energy advice, fuel debt support, and £150 energy support payments through our new energy adviser.

Innovation and Modernisation

- Concluded project to launch the delivery of the expansion of our in-house services to provide reactive repairs and maintenance to two of the four Eildon repairs areas.
- Joined Scotland Excel to access additional procurement frameworks and training resources.
- Joined the Scottish Government Gas and Electricity Framework to purchase Eildon's utilities.
- Secured Cyber Essentials Accreditation.

Investment in Our Homes

- Continued our focus on surveying and monitoring properties in order to effectively manage damp and mould issues.
- Connected Response Project completed with funding from SOSE to provide technology to enable tenants to manage storage heating systems more effectively.
- Delivered £2m of capital investment in our existing housing stock.

Growth and Meeting Need

- Delivered 2,500 hours per week of commissioned care and support to our tenants.
- Delivered ten highly energy efficient homes at Westruther with the development being shortlist for Homes for Scotland awards 2026.
- Commenced development of Caledonian Court, Peebles with funding support from Scottish Government and the local authority.

Developing Our People

- Implemented a new integrated HR, Payroll and Rota System to manage and pay our growing workforce.
- Enhanced employee benefits with launch of Electric Vehicle Salary Sacrifice Scheme.

Supporting Our Communities

- Secured funding from Allia C&C to support a Fareshare Employability Project.
- Worked with our South of Scotland Partners on projects to identify sustainability investment needs and inform the creation of supply chain skills and capacity.

5. WIDER & AGENCY SERVICES

During the year Eildon has provided:

- Management services to Lucy Sanderson Homes, and
- An adaptations service to the Borders Housing Network

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

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

6. OUTLOOK FOR THE FUTURE

Although inflation is lower than the peaks experienced in 2022 and 2023, the economic environment throughout 2025/26 and into 2026/27 remains uncertain. Political change following the UK and US elections in 2024, together with renewed geopolitical and energy-market disruption, has contributed to increased volatility in inflation and interest rate expectations as we look beyond 2025/26.

Our agreed 2026/27 inflation planning assumption is that CPI will average around 3.6% for the year with inflation expected to moderate gradually thereafter towards the Bank of England 2% target in the medium term. The interest rate assumption has been assumed to average around 3.75% for 2026/27 and then a slight rise to 4% for future years. This is a much higher level than we had previously assumed for the longer term cost of borrowing. However, as this report is being written there is significant lack of clarity on what forecasters now expect to happen. This uncertainty has made the identification of the correct assumptions for the 2026/27 Viability Plan difficult, and with only one real certainty, that they will change.

Throughout 2025/26 there has been continued pressure on the cost and volume of repairs and maintenance, and there is an expectation that this along with the NIC and SLW increases already identified will feed through into these costs for 2026/27.

Scotland continues to face a significant shortage of affordable housing, with demand outstripping the sector's ability to deliver new supply. Although the Scottish Government has increased the Affordable Housing Supply Programme (AHSP) budget for 2026-27 by £118m and uplifted AHI benchmarks (including a further 5% increase in March 2026), rising construction costs continue to outpace these adjustments. This widens viability gaps and increases the match funding burden on developing RSLs, further emphasising the need for collaborative approaches to securing additional, non-debt funding to ensure that Eildon continues to deliver viable new affordable homes.

In light of the above pressures on labour, repairs, and funding costs the Board approved an above CPI increase for social housing rent and service charges of 4.8% for 2026/27 and 6% for mid-market rental properties from August 2026.

The 2026/27 Budget and Performance Targets were approved in March 2026, while the Medium- and Long-Term Viability Plan 2026/27 and the Treasury Management Strategy were approved in April 2026.

Looking forward to 2026/27 Eildon will be focusing the implementation and delivery of the 5-year Strategy and on ensuring that it continues to deliver its services with an operating and business model that delivers value for money for our tenants and demonstrates effective and efficient use of our resources. We will be implementing a number of digital improvements and working to continue the increasing use of our data and business information to inform the development of improvement projects to continue to develop and improve our services to our customers and tenants.

D

Financial Review 2025/26

1. INTRODUCTION

The commentary noted below refers in all cases to the consolidated results of the Eildon Group for the year to 31 March 2026 reported within these financial statements and not just EHA on a standalone basis.

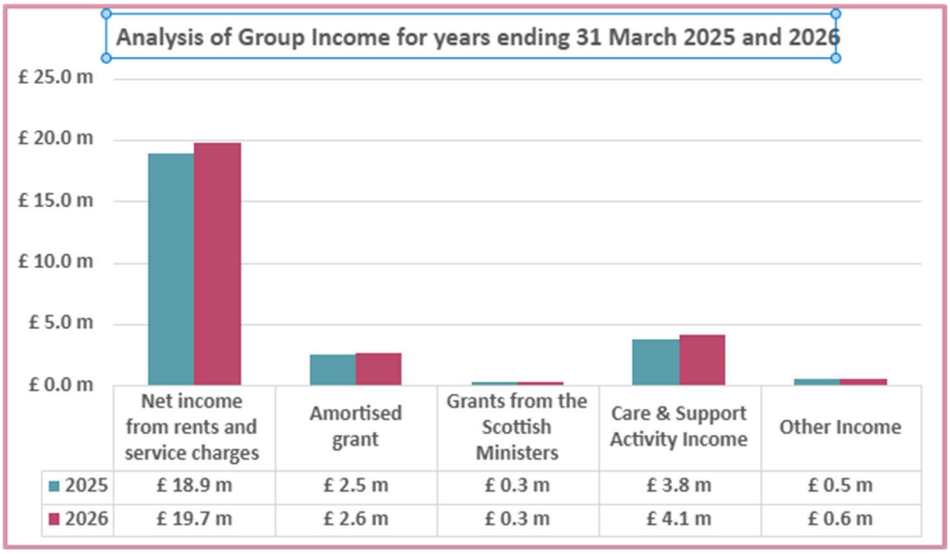
The financial performance over the past five years is analysed in Table 1, on page 15.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income is presented on page 32 with key additional analysis in Notes 2, 3 and 4 (pages 46 to 49). These show that Eildon made a surplus of £1,371k after tax during the year (2025: £1,842k).

The surplus before tax and actuarial movements was £1,147k (2025: £1,710k) which is a 32.9% decrease on the previous year. The operating surplus, which is before net interest and financial instrument movements was £5,021k (2025: £5,559k) and represented a 9.7% decrease in Eildon's operating surplus. The operating contribution (i.e. operating surplus as a % of turnover) was 18.4% (2025: 21.3%).

Income

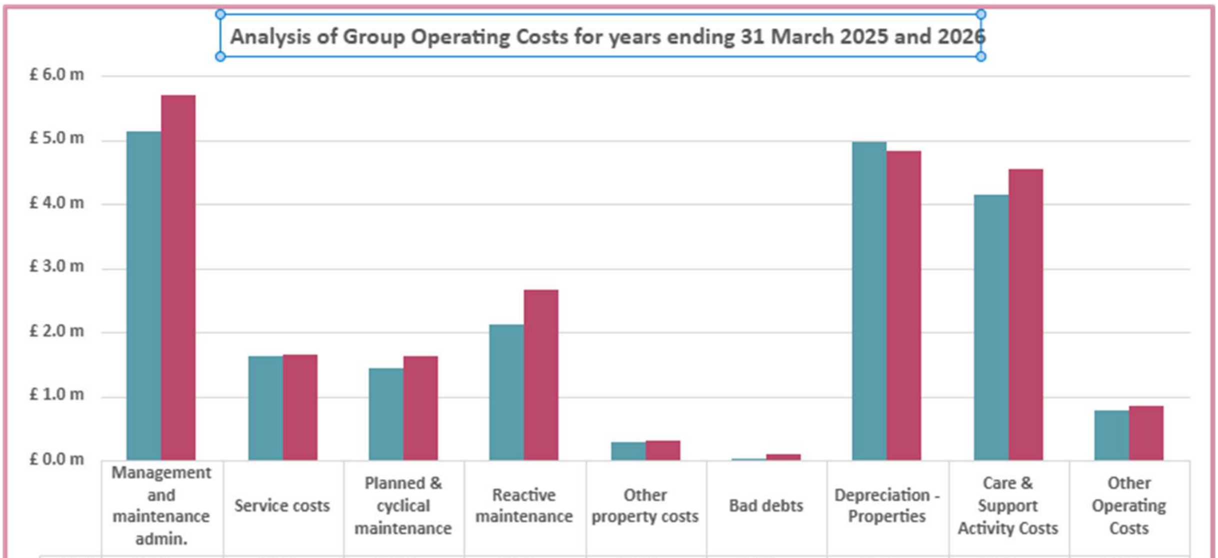


Total income generated for the year was £27,238k (2024: £26,091k). This amounts to a £1,147k increase (4.4%) in income year on year. The majority of the growth has been generated from:

a) Net income from rents and service charges increased to £19,673k in year (2025: £18,924k) generating £749k (3.96%) mainly due to the full year effect of new build homes completed in 2024/25 and the part year effect of the ten new homes during 2025/26. In addition, inflationary increases on rent and service charges applied from 1 April 2025 also generated additional income.

b) Care & Support income increased to £4,053k (2025: £3,769k) contributing £284k, an increase of 7.5%. The key driver to this is inflation on commissioned care and board service income.

Operating Expenditure



	Management and maintenance admin.	Service costs	Planned & cyclical maintenance	Reactive maintenance	Other property costs	Bad debts	Depreciation - Properties	Care & Support Activity Costs	Other Operating Costs
2025	£ 5.1 m	£ 1.6 m	£ 1.5 m	£ 2.1 m	£ 0.3 m	£ 0.0 m	£ 5.0 m	£ 4.1 m	£ 0.8 m
2026	£ 5.7 m	£ 1.6 m	£ 1.6 m	£ 2.7 m	£ 0.3 m	£ 0.1 m	£ 4.8 m	£ 4.5 m	£ 0.8 m

Total Operating Expenditure for the year was £22,217k (2025: £20,532k) up by £1,685k (8.2%) on the previous year. The key drivers of expenditure growth have been related to inflation, the further increase in staff costs mostly related to higher employment costs. In addition, the Depreciation for housing stock includes an exceptional one-off write down of costs (£369k) within Assets under Construction. This relates to the impairment of an element of the project expenditure for St Aidan's, Galashiels. This impairment relates to amounts of previously incurred project costs which have been identified as "abortive" and will not contribute to the final fixed assets value once completed.

3. ASSET MANAGEMENT (PROPERTY MAINTENANCE)

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

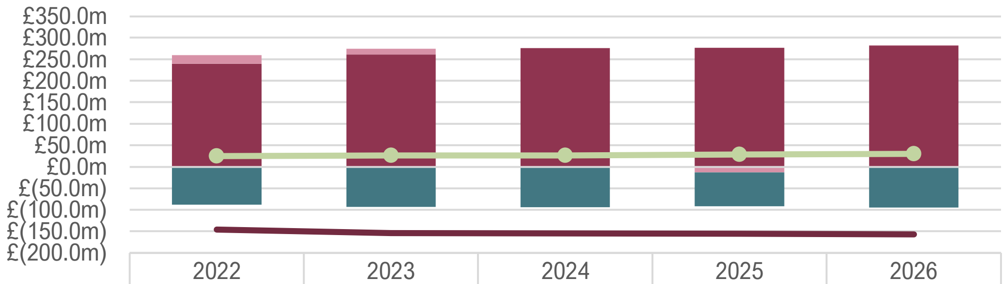
- Reactive Maintenance, which is carried out in response to reported issues – expenditure in the year was £2,664k (2025: £2,130k)
- A programme of Planned Repairs carried out in the medium term to deal with the gradual and predictable deterioration of building attributes – expenditure in the year was £1,628k (2025: £1,447k)
- A long-term programme of major repairs for the replacement of components which have come to the end of their economic lives – direct expenditure capitalised in the year was £1,983K (2025: £1,677k).

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

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Eildon's net assets at 31 March 2026 were £30,101k (2025: £28,730k); an increase of £1,371 (4.8%). The chart below illustrates the trends in our financial position.

Analysis of Financial Position at 31 March 2022 to 2026



	2022	2023	2024	2025	2026
Long term liabilities	£(88.4m)	£(93.4m)	£(92.6m)	£(78.7m)	£(94.9m)
Net current assets	£19.4m	£13.0m	£(1.1m)	£(13.1m)	£0.4m
Fixed assets	£239.8m	£261.2m	£275.6m	£276.4m	£281.5m
Deferred income	£(145.7m)	£(154.0m)	£(155.0m)	£(155.8m)	£(156.9m)
Reserves	£25.1m	£26.8m	£26.9m	£28.8m	£30.1m

Our fixed assets have increased marginally to £281,496k (2025: £276,362k) reflecting the slower start to the next phase of our ongoing investment in housing assets which is covered in the next section.

Net Current Assets have swung from a net liabilities position last year to £396k, a movement of £13,523k in the year. This movement reflects the decrease in our Loan Creditors due within 12 months of £5,520k as one of our loan facilities reached maturity in March 2026 and was fully settled. Our cash has increased by £8,839k due to refinancing at the end of 2025/26, which included a refinanced loan facility from Santander, draw down of a previously agreed revolving credit facility with Royal Bank of Scotland (RBS) and a new Allia charitable bond which will be used to fund our development activities.

5. HOUSING – VALUATIONS, DEVELOPMENT & DISPOSAL

As at 31 March 2026 Eildon owned 3,133 housing units along with a small number of garages and commercial properties which are rented out.

During the reporting year Eildon spent £7,987k (2025: £4,085k) on building and purchasing houses (Note 12) of which £3,761k (2025: £3,292k) was funded by grants received from the More Homes Division (East) of the Scottish Government (Note 20). This represents ten new build units coming into management by the end of the year. At the reporting date there are 21 shared equity units unsold.

The disposal and write-down of housing properties (Note 7) generated a net loss of £28k (2025: net loss £176k) after taking account of the remaining net asset cost and recycled grant.

6. CASH FLOWS

Cash inflows and outflows during the year are shown in the Consolidated Cash Flow Statement (page 35 - 36).

The Group cash inflow from operating activities increased this year to £7,092k (2025: £6,700k); £9,512k (2025: £7,288k) was spent acquiring assets. There was an outflow from repaying loans of £21,288k (2025: £1,160k); and an inflow from additional borrowings of £32,000 (2025: nil). The cost of financing was £3,324k (2025: £3,048k) and the net debt moved from £91,179k in 2025 to £102,464k in 2026.

7. CAPITAL STRUCTURE AND TREASURY MANAGEMENT

During 2025/26 two new loan agreements were negotiated, and as a result of ongoing capital repayments under our existing loan agreement total outstanding loans increased slightly to £102,464k (2025: £91,179k). The profile of the loan portfolio is set out in Note 17, and this shows that 74.6% of the loan debt is repayable after five years, including £8,785k due within the next 12 months.

The Board approved the Treasury Management Strategy (TMS) for 2025/26 based on the Medium- and Long-Term Viability Plan 2025/26. This incorporated an action plan identifying the need to undertake a medium-term borrowing capacity review and provide the Board with recommendations for the funding strategy activities by August 2025 in order to have further borrowing capacity in place before the end of 2025/26 to meet refinancing and development investment requirements. This led to the refinancing and increasing of the loan facility with Santander (additional net £5,200k), repayment of an existing 10 year Allia Charitable Bond (£10,000k + interest) and entering into a new Bond (£5,000k) and securing credit approval for a further £10,000k facility to be concluded in 2026/27. As stated previously, remaining balance on the RBS loan facilities was drawn down in the year as well.

The TMS for 2025/26 set operational parameters for the treasury management as well as the approved borrowing requirement. In this way Eildon manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

During the reporting year the unencumbered security position has been reassessed following the various valuation exercises during 2025/26 and established that there is sufficient capacity to meet the security requirements for our identified borrowing need. In addition, work has been undertaken to address several loan facilities where the encumbered stock is much higher than is required for the outstanding debt and this included refinancing one facility and increasing the amount borrowed, and repaying and releasing the security on two other loans where the outstanding balances were minimal.

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

At 31 March 2026, the mix of variable and fixed ratio was 61% fixed:39% variable excluding the ISDA MTM and 64%:36% including the ISDA MTM. In the current climate, Eildon continues to monitor the most effective way of managing interest rate exposure, especially on new loans, and works with treasury advisers to ensure that changes in market conditions are considered. Interest payable for the year was £3,910k (2025: £3,831k) reflecting the higher average debt levels throughout the year but with a marginally lower average interest rate of 4.04% (2025: 4.19%).

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

8. PENSION

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

For the year ended 31 March 2026, the Association has obtained sufficient information to account for the scheme as a defined benefit scheme as fully disclosed in Note 23 (page 60). There continues to be significant fluctuations in the valuation of the pension deficit, and the results of the latest full triennial valuation have led to the reintroduction of a deficit recovery plan from April 2026, although the level of this is lower than the previous plan with annual payments of around £250k per annum being required for 3 to 5 years.

TABLE 1 – GROUP HIGHLIGHTS – FIVE YEAR HISTORICAL SUMMARY

For the Year Ended 31 March	2026 £'000	2025 £'000	2024 £'000	2023 £'000	2022 £'000
Statement of Comprehensive Income					
Total turnover	**27,238**	26,091	22,921	20,274	17,129
Social lettings income	**22,382**	21,640	19,168	17,014	14,772
Operating surplus	**5,021**	5,559	4,729	3,174	3,119
Surplus/(deficit) for the year after tax	**1,371**	1,842	161	1,659	2,044
Statement of Financial Position					
Net housing properties	**277,184**	271,900	270,973	257,297	235,915
Other fixed assets	**4,312**	4,462	4,610	3,881	3,884
Fixed assets	**281,496**	276,362	275,583	261,178	239,799
Net current assets	**396**	(13,127)	(1,074)	12,984	19,379
Total assets less current liabilities	**281,892**	263,235	274,509	274,162	259,178
Long term liabilities	**(94,915)**	(78,744)	(92,584)	(93,446)	(88,437)
Deferred income	**(156,878)**	(155,761)	(155,037)	(153,989)	(145,673)
Net assets	**30,101**	28,730	26,888	26,727	25,068
Reserves	**30,101**	28,730	26,888	26,727	25,068
Housing Stock (units)	**3,113**	**3,103**	**3,066**	**2,877**	**2,841**
Statistics					
Surplus for year as % of turnover	**5.19%**	7.06%	0.70%	8.18%	11.9%
Surplus for year as % of social lettings income	**6.32%**	8.98%	0.84%	9.75%	13.8%
Rent loss from voids in the year	**1.18%**	0.99%	1.22%	1.18%	1.79%
Rent collected in terms of rent collectable in the year	**99.45%**	99.0%	98.0%	98.3%	97.3%
Liquidity (Current Assets/Current Liabilities)	**1.03/1**	0.33/1	0.86/1	3.0/1	3.3/1
Gearing (Total Loans as % of Capital Grants plus Reserves)	**48.1%**	47.4%	47.5%	42.0%	37.3%

E

Structure, Governance and Management

1. CORPORATE STRUCTURE

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

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

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

Eildon Housing Association Ltd is a Public Benefit Entity.

2. REGISTERED PARTICULARS

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

3. PRINCIPAL ACTIVITIES

Parent – Eildon Housing Association Ltd
The principal activities of Eildon Housing Association Ltd are:

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

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

4. STATEMENT OF THE BOARD'S RESPONSIBILITIES

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

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

The Board is also responsible for:

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

5. CORPORATE RULES AND THE REGULATOR

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

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

6. BOARD AND SUB-COMMITTEE STRUCTURE

Through their election by the shareholders at a general meeting, the Board are delegated via Standing Orders (updated February 2026) to:

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

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

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

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

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

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

7. BOARD ASSURANCE AND ACCOUNTABILITY

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

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

8. MEMBERSHIP OF THE ASSOCIATION

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

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

There are 61 members and currently none are Body Corporate Members.

9. MEMBERSHIP OF THE BOARD

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

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

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

Each year, one third of Board Members must retire and stand for re-election if they wish to remain on the Board. The Board Members and the Executive Officers of the Association during 2025/26 are set out in the Table below.

BOARD MEMBERS

Name	EHA Parent	EEL Subsidiary
Ms Cathie Fancy, BSc (Hons), MSc, HND +	Chair to 3 Sept. 2025 (R – 3 Sept. 2025)	
Mr Brian Frater, BA (Hons), MRTPI (retired) +	Chair from 3 Sept. 2025 Vice Chair - EHA Board to 3 Sept 2025	
Mr Ron Beardsley, MSc, FFB *		
Ms Amanda Harvie, BA (Hons), MCIPR, FRSA *		Director
Mr Chris Highton, DipSurv, FRICS +	Vice Chair - EHA Board from 3 Sept 2025	Director
Mr Ross Kilshaw LLB PGDip *		Director
Ms Catherine Louch, MA (Hons), PGDip, CIHCM *		
Mr Allan Lundmark, Hon FRIAS, BSc (Hons), DiP TP, MRTPI (retired) *		Chair
Mrs Hannah Macleod LLB (Hons), Dip LP *		
Ms Eibhlin McHugh, B.SocSc, Dip BS, DSW +		
Ms Jayne Pashley, MSc, LLM, Chartered FCIPD +	Chair (Remuneration Committee)	
Mr Ewen Swinton, ACIBS *	Chair (Audit & Risk Committee)	
Ms Carolynne Penman, MA(Hons) Town Planning, RTPI	(A – 3 Sept. 2025)	
Ms Emma Downie, ICAS	(A – 3 Sept. 2025)	

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

10. EXECUTIVE OFFICERS

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

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

The Eildon's Framework of Governance details the level of delegated powers that can be given to the Executive Officers.

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

11. BOARD EFFECTIVENESS

Board Training

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

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

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

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

Board Member Reviews

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

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

12. STRATEGIC MANAGEMENT

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

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

Topics covered at this event in October 2025 included:

- Sector Overview
- Strategy Development
- Governance
- Development Delivery models

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

13. FRAMEWORK FOR GOVERNANCE

Eildon's Framework for Governance comprises the Rules, Standing Orders, Scheme of Delegation and Financial Regulations and this was reviewed and agreed by Board in February 2026.

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

Key Documents
In addition to the policy and procedures there are a number of key documents that are maintained including Codes of Conduct for Staff Members and for Board Members and Property Asset Management Strategy.

Accounting Policies
The Group's principal accounting policies are set out in pages 37 to 45 of the financial statements. These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (FRS 102).

Credit Payment Policy
The Group's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is within 30 days (2025: 30 days).

14. INTERNAL CONTROL FRAMEWORK

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

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

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

15. RISK MANAGEMENT

The Group operates within a Risk Management Policy and reports on a semi-annual basis to the Audit and Risk Committee the outcome of the periodic reviews of the Strategic Risk Register to ensure that these are being managed appropriately. There are currently 13 strategic risks, however only two are deemed have a residual risk score that places them in the category of Major or Severe. These two risks are listed below:

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure of supply chain and other external factors (including insufficient HAG funding levels) which curtails housing asset maintenance and stock expansion objectives	♦ Ensure correctly procured and appropriate contracts in place, including additional risk mitigation clauses such as performance bonds. ♦ Effective project management throughout delivery and implementation of new supply contracts to ensure that prompt identification and management of issues ♦ Effective asset, investment, and treasury management strategies to ensure contracts and financial resources are in place when required	**Major**

Risk Title	Risk Mitigation Measures	After Control Risk Score (i.e., Residual Risk)
Failure of our processes, procedures, and Digital Infrastructure to prevent major service disruption and/or data loss	♦ Upgraded appropriate firewall and network security is in place and managed by an outsourced expert. ♦ Reduction of on-premises servers. ♦ Effective data and IT security policies and procedures are in place and regularly reviewed and updated ♦ Ensure timely patching of corporate software applications ♦ Governance Information Forum in place with responsibility for oversight of data governance compliance and improvement activities ♦ Data Protection and Information Officer oversight of all data processing and Data Protection Impact Assessments ♦ Cyber insurance policy in place which includes recovery support ♦ Utilisation of phishing software which incorporates regular staff training	**Major**

As part of the semi-annual reporting to the Audit and Risk Committee, each of these risks is reviewed and an assurance update is provided with evidence of controls and/or actions being taken to manage or mitigate the risks. The links to actions in the strategic implementation plan are also contained within the assurance update provided to the Committee. Finally, the review highlights whether there is no change in the after-risk score, or if there is then why this is the case. Annually the Board is made aware of those strategic risks with a residual level of 15 or more, and these were presented to the Board in March 2026.

The application of the Risk Management Policy is subject to internal audit review by the outsourced internal auditors as part of a cycle of regular reviews and was last reviewed in 2024/25 and assessed as having substantial assurance.

16. BANKER, SOLICITORS AND AUDITORS

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

17. AGM

The AGM will be held on Wednesday 9 September 2026 at the Weaving Shed, Dunsdale Road, Selkirk.

18. STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

F

Statement of Going Concern

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

- The Annual Budget including Cashflow to 31 March 2027
- The 5 Year Viability Plan including Cashflow to 31 March 2031 that is scrutinised by the Regulator
- The 30 Year Plan including Cashflow to 2057

Based on these documents and the following facts:

- There is no sign of impairment of the housing stock through increased voids
- 72% of the turnover is rent related
- 13% of the turnover is Care or Support income from the Local Authority
- 11% 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 61% fixed mostly at favourable rates (64% if interest swap is taken into account).
- The Association has, at 31 March 2026, 663 unencumbered properties
- The Association has, at 31 March 2026, £12.9m in cash
- The Reserves of the Association are over £30.4m.

In 2026/27 the Association will use approved grants from Scottish Ministers, its cash balances and additional borrowing capacity as set out in the TMS 2026/27 to fund the net investment required for the development programme.

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

G

Statement of Internal Financial Controls

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

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

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

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

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

The Board has reviewed the effectiveness of the system of internal financial controls that exist in the Association for the year ended 31 March 2026 and until the date of signing of the financial statements. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Approved by the Board of Management on 24/06/26 and signed on their behalf by:

[redacted]

Mr N J Istephan, Secretary

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

CT:

Opinion

We have audited the financial statements of Eildon Housing Association Limited ("the Association") and its subsidiary (the 'Group') for the year ended 31 March 2026 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, Statement of Changes in Equity, the Group and Association Statement of Cash Flows, and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's and the Group's affairs as at 31 March 2026 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

CT:

Other Information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 17, the Board of Management 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 of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing 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 of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

CT:

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were but not limited to FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2019, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures

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

against the requirements of the relevant financial reporting standards.

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

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

Use of Our Report

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

[redacted]

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

Date: 02/07/26

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 26 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important Registered Social Landlords (RSLs) in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 27 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Group Financial Statements.

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

[redacted]

CT Audit Limited
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
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Statement of Comprehensive Income

for the Year Ended 31 March 2026

GROUP	Notes	2026 £'000	2025 £'000
Turnover	2	**27,238**	26,091
Less: operating expenditure	2	**22,217**	20,532
Operating surplus		**5,021**	5,559
Loss on disposal of property, plant & equipment	7	**(28)**	(176)
Interest receivable	8	**100**	136
Interest and financing costs	9	**(3,994)**	(3,905)
Movement in fair value of financial instruments	18	**48**	96
Surplus before tax		**1,147**	1,710
Taxation	10	**-**	-
Surplus for the year	6	**1,147**	1,710
Re-measurement caused by actuarial valuation	19	**224**	132
Total comprehensive income for the year		**1,371**	1,842

ASSOCIATION	Notes	2026	2025 £'000
Turnover	3	**27,199**	26,007
Less: operating expenditure	3	**22,213**	20,527
Operating surplus		**4,986**	5,480
Income from group undertakings		**36**	79
Loss on disposal of property, plant & equipment	7	**(28)**	(176)
Interest receivable	8	**100**	136
Interest and financing costs	9	**(3,994)**	(3,905)
Movement in fair value of financial instruments	18	**48**	96
Surplus for the year	6	**1,147**	1,710
Re-measurement caused by actuarial valuation	19	**224**	132
Total comprehensive income for the year		**1,371**	1,842

The financial statements on pages 32 to 34 were approved by the Board of Management and authorised for issue and were signed on its behalf by: Date:

[redacted] [redacted] [redacted]

Statement of Financial Position

as of 31 March 2026

		GROUP		ASSOCIATION	
		2026	2025	**2026**	2025
	Notes	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Housing properties	**12**	**277,184**	271,900	**277,184**	271,900
Other fixed assets	**13**	**4,082**	4,232	**4,082**	4,232
Fixed asset investments	**14**	**230**	230	**230**	230
		281,496	276,362	**281,496**	276,362
Current assets					
Trade and other debtors	**15**	**1,465**	2,564	**1,510**	2,712
Cash and cash equivalents		**12,907**	4,068	**12,735**	3,793
		14,372	6,632	**14,245**	6,505
Current liabilities					
Creditors amounts falling due within one year	**16**	**(13,975)**	(19,759)	**(13,970)**	(19,754)
		(13,975)	(19,759)	**(13,970)**	(19,754)
Net current (liabilities)/assets		**396**	(13,127)	**275**	(13,249)
Total assets less current liabilities		**281,892**	263,235	**281,770**	263,113
Creditors: amounts falling due more than one year					
Pension creditor	**17**	**(1,056)**	(1,452)	**(1,056)**	(1,452)
Other creditors	**17**	**(93,859)**	(77,292)	**(93,859)**	(77,292)
	17	**(94,915)**	(78,744)	**(94,915)**	(78,744)
Deferred income					
Social housing grants	**20**	**(156,358)**	(155,241)	**(156,358)**	(155,241)
Other grants	**20**	**(520)**	(520)	**(520)**	(520)
		(156,878)	(155,761)	**(156,878)**	(155,761)
Total net assets		**30,101**	28,730	**29,977**	28,606
Capital and reserves					
Share capital	**25**		-		-
Restricted reserves	**26**	**45**	36	**45**	36
Revenue reserves		**30,056**	28,694	**29,933**	28,570
Total reserves		**30,101**	28,730	**29,977**	28,606

The financial statements on pages 32 to 34 were approved by the Board of Management and authorised for issue and were signed on its behalf by:

Date:

[redacted] [redacted] [redacted]

Consolidated Statement of Changes in Reserves

for the Year Ended 31 March 2026

	GROUP		ASSOCIATION	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Balance at 1 April 2025	**28,730**	26,888	**28,606**	26,764
Other comprehensive income for the year	**1,371**	1,842	**1,371**	1,842
Balance at 31 March 2026	**30,101**	28,730	**29,977**	28,606

Cash Flow Statement

for the Year Ended 31 March 2026

	Notes	GROUP		ASSOCIATION	
		2026	2025	**2026**	2025
		£'000	£'000	**£'000**	£'000
Net cash inflow from operating activities	A	**7,092**	6,700	**7,193**	6,640
Investing activities					
Acquisition and construction of properties		**(9,512)**	(7,288)	**(9,512)**	(7,288)
Purchase of tangible fixed assets		**40**	(55)	**40**	(55)
Social Housing Grant received		**3,761**	3,326	**3,761**	3,326
Other capital grants received		**-**	(175)	**-**	(175)
Loss on disposal of properties		**(28)**	-	**(28)**	-
Interest received on cash and cash equivalents		**100**	136	**100**	136
Net cash outflow from investing activities		**(5,639)**	(4,056)	**(5,639)**	(4,056)
Financing activities					
New secured loans		**32,000**	-	**32,000**	-
Interest paid on loans		**(3,324)**	(3,048)	**(3,324)**	(3,048)
Loan principal repayments		**(21,288)**	(1,160)	**(21,288)**	(1,160)
Share capital issued		**-**	-	**-**	-
Net cash (outflow) from financing		**7,388**	(4,208)	**7,388**	(4,208)
Increase/(Decrease) in cash		**8,839**	(1,564)	**8,942**	(1,624)
Opening cash and cash equivalents		**4,068**	5,632	**3,793**	5,417
Closing cash and cash equivalents		**12,907**	4,068	**12,735**	3,793

Cash Flow Statement
for The Year Ended 31 March 2026 (Continued)

A. Net Cash Inflow from Operating Activities

	GROUP		ASSOCIATION	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Surplus for the year	**1,371**	1,842	**1,371**	1,842
Depreciation of tangible fixed assets	**4,175**	4,458	**4,175**	4,458
Amortisation of capital grants	**(2,644)**	(2,602)	**(2,644)**	(2,602)
Change in debtors	**(172)**	(213)	**(70)**	(273)
Change in creditors	**711**	(503)	**711**	(503)
Taxation	**-**	-	**-**	-
Loss on disposal of property, plant & equipment	**28**	176	**28**	176
Interest paid	**3,994**	3,905	**3,994**	3,905
Interest received	**(100)**	(136)	**(100)**	(136)
Movement in fair value financial instrument	**(48)**	(95)	**(48)**	(95)
Actuarial loss in respect of pension scheme	**(224)**	(132)	**(224)**	(132)
Balance as at 1 April	**7,092**	6,700	**7,193**	6,640

B. Analysis of Changes in Net Debt

	Long Term	Short Term	Total Liabilities	Cash & Equivalents	Total Net Debt
As at 1 April 2025	76,874	14,305	91,179	(4,068)	87,111
Cash Flows	16,805	(5,520)	11,285	(8,839)	2,446
As at 31 March 2026	93,679	8,785	102,464	(12,907)	89,557

Notes to the Consolidated Financial Statements

for the Year Ended 31 March 2026

1. Principal Accounting Policies 2026

(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 16.

(ii) Basis of Accounting

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

The financial statements are prepared in sterling (£).

(iii) Estimation Uncertainty

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Going Concern

Based on the statement of going concern set out on page 25 of the financial statements, and after reviewing detailed cash flow projections and taking account of bank facilities and making such further enquiries as they consider appropriate, the Board are satisfied the Association has adequate resources to continue to operate within its facilities for the foreseeable future until new funding is obtained. The Board have no reason to doubt this will be available. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

(v) Basis of Consolidation

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

(vi) Turnover and Revenue Recognition

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

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

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

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

(vii) Other Income

Interest and investment income

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

Investment income is recognised on an accruals basis.

(viii) Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

(ix) Private Finance

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

All borrowing costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

(xi) Other Fixed Assets (Note 13)

Other fixed assets are capitalised at the point of purchase when the cost of the items is £2,500 or above or is reckoned to have a useful economic life at or greater than the relevant depreciation rate and it has second hand resale value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(xii) Donated Land (Note 12)

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

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

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

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

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

(xiv) Other Grants (Note 20)

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(xvi) Investment Property (Note 14)
Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

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

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

(xvii) Sale of Housing Properties (Notes 7 and 12)
Properties are disposed of under the appropriate legislation and guidance. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

(xviii) Financial Instruments (Note 18)
The Association has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102, in full, to all of its financial instruments.

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

Financial assets

Debtors

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial assets and liabilities

Trade creditors

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

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

Borrowings

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

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

Derecognition of financial assets and liabilities

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

Derivatives

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair value hedge - hedge of fixed interest rate risk

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

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

Cash flow hedge - hedge of variable interest rate risk

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

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

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

(xix) Pensions (Note 19)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

(xx) Leasing

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

(xxi) VAT

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

(xxii) Subsidiary

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

(xxiii) Taxation (Note 10)

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

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

(xxiv) Employee Benefits

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP

	Notes	Turnover	2026 Operating Costs	Operating Surplus/ (Deficit)	2025 Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000
Affordable letting activities	3	22,382	16,840	5,542	6,022
Other activities	4	4,856	5,377	(521)	(463)
Total 2026		**27,238**	**22,217**	**5,021**	5,559
Total 2025		26,091	20,532	5,559	

ASSOCIATION

	Notes	Turnover	2026 Operating Costs	Operating Surplus/ (Deficit)	2025 Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000
Affordable letting activities	3	21,984	16,591	5,393	5,874
Other activities	4	5,215	5,622	(407)	(394)
Total 2026		**27,199**	**22,213**	**4,986**	5,480
Total 2025		26,007	20,527	5,480	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP

	2026				2025
	General Needs Social Housing	**Supported Social Housing Accom**	**Shared Ownership Accom**	**Total**	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000
Rent receivable net of service charges	**16,475**	**1,279**	**169**	**17,923**	17,221
Service charges	**627**	**1,329**	**16**	**1,972**	1,888
Gross income from rents and service charges	**17,102**	**2,608**	**185**	**19,895**	19,109
Less voids	**158**	**59**	**5**	**222**	185
Net income from rents and service charges	**16,944**	**2,549**	**180**	**19,673**	18,924
Amortised grant	**2,365**	**231**	**31**	**2,627**	2,546
Other	**82**	**-**	**-**	**82**	170
Non-rental income	**2,447**	**231**	**31**	**2,709**	2,716
Total turnover from affordable letting activities	**19,391**	**2,780**	**211**	**22,382**	21,640
Management and maintenance administration costs	**5,026**	**628**	**34**	**5,688**	5,136
Service costs	**622**	**1,016**	**3**	**1,641**	1,625
Planned & cyclical maintenance including major repairs	**1,404**	**224**	**-**	**1,628**	1,447
Reactive maintenance costs	**2,429**	**235**	**-**	**2,664**	2,130
Other property costs	**251**	**47**	**-**	**298**	291
Bad debts – rents and service charges	**90**	**(2)**	**-**	**88**	21
Depreciation of affordable let properties	**4,354**	**441**	**38**	**4,833**	4,968
Operating costs for affordable letting activities	**14,176**	**2,589**	**75**	**16,840**	15,618
Operating surplus for affordable letting activities	**5,215**	**191**	**136**	**5,542**	6,022
Operating surplus for affordable letting activities for 2025	5,657	280	85	6,022	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

ASSOCIATION

	2026				2025
	General Needs Social Housing £'000	**Supported Social Housing Accom £'000**	**Shared Ownership Accom £'000**	**Total £'000**	Total £'000
Rent receivable net of service charges	16,070	1,279	169	17,518	16,831
Service charges	627	1,329	16	1,972	1,888
Gross income from rents and service charges	16,697	2,608	185	19,490	18,719
Less voids	151	59	5	215	181
Net income from rents and service charges	16,546	2,549	180	19,275	18,538
Amortised grant	2,365	231	31	2,627	2,546
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Other	82	-	-	82	170
Non-rental income	2,447	231	31	2,709	2,716
Total turnover from affordable letting activities	18,993	2,780	211	21,984	21,254
Management and maintenance administration costs	4,909	628	34	5,571	5,024
Service costs	628	1,016	3	1,647	1,603
Planned & cyclical maintenance including major repairs	1,347	224	-	1,571	1,415
Reactive maintenance costs	2,356	235	-	2,591	2,069
Other property costs	243	47	-	290	280
Bad debts – rents and service charges	90	(2)	-	88	21
Depreciation of affordable let properties	4,354	441	-	4,833	4,968
Operating costs for affordable letting activities	13,927	2,589	75	16,591	15,380
Operating surplus for affordable letting activities	5,066	191	136	5,393	5,874
Operating surplus for affordable letting activities for 2025	5,509	280	85	5,874	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP	Grants from Scottish Ministers £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Other Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Total £'000
	2026						2025
Wider role activities to support the community	-	-	122	122	101	21	-
Care & Repair	307	-	122	429	392	37	(2)
Factoring	-	-	33	33	42	(9)	(9)
Support activities	-	-	407	407	376	31	42
Care activities	-	159	3,488	3,647	4,160	(513)	(413)
Contracted out services undertaken for other organisations	-	-	18	18	20	(2)	(6)
Uncapitalised development administration costs	-	-	-	-	146	(146)	(203)
Other activities	-	-	200	200	140	60	128
Total from other activities	307	159	4,390	4,856	5,377	(521)	(463)
Total from other activities for 2025	307	154	3,990	4,451	4,914	(463)	

ASSOCIATION	Grants Scottish Ministers £'000	Supporting People Income £'000	Other Income £'000	Total Turnover £'000	Other Operating Costs £'000	Operating Surplus/ (Deficit) £'000	Total £'000
	2026						2025
Wider role activities to support the community	-	-	122	122	101	21	-
Care & Repair	307	-	122	429	392	37	(2)
Factoring	-	-	33	33	42	(9)	(9)
Support activities	-	-	407	407	376	31	42
Care activities	-	159	3,488	3,647	4,159	(512)	(413)
Contracted out services undertaken for registered social landlords	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	18	18	20	(2)	(6)
Uncapitalised development administration costs	-	-	-	-	146	(146)	(203)
Inter-company service level agreement	-	-	359	359	246	149	69
Other activities	-	-	200	200	140	60	128
Total from other activities	307	159	4,749	5,215	5,622	(407)	(394)
Total from other activities for 2025	307	154	4,292	4,753	5,147	(394)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Accommodation in Management

GROUP & ASSOCIATION

	2026 (Units)	2025 (Units)
The number of units of accommodation in management at the year-end was:		
General needs housing	**2,820**	2,808
Shared ownership	**49**	51
Supported housing	**244**	244
Total units in management	**3,113**	3,103

6. Surplus/(Deficit) for the Year

	GROUP		**ASSOCIATION**	
	2026 £'000	2025 £'000	**2026 £'000**	2025 £'000
Surplus is stated after charging:				
Depreciation of housing properties	**4,489**	4,594	**4,489**	4,594
Depreciation of other tangible fixed assets	**172**	200	**172**	200
Loss on disposal of tangible fixed assets	**(28)**	(176)	**(28)**	(176)
Fees payable to CT and its associates in respect of both audit and non-audit services are as follows:				
Audit related assurance services	**29**	30	**27**	26
Taxation compliance services	**1**	1	**-**	-
	30	31	**27**	26

7. Loss on Disposal of Property, Plant & Equipment

GROUP & ASSOCIATION

	2026 Total £'000	2025 (Restated) Total £'000
Housing properties		
Net proceeds	**77**	-
Less asset cost and recycled grant	**(526)**	(608)
Accumulated depreciation	**421**	432
	(28)	(176)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Interest Receivable

GROUP & ASSOCIATION

	2026	2025
	£'000	£'000
Bank deposit interest	**100**	136

9. Interest and Financing Costs

GROUP & ASSOCIATION

	2026	2025
	£'000	£'000
Loan interest		
Interest payable	**3,994**	3,905

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:

	2026	2025
	£'000	£'000
Tax charge in the year	**-**	-
Tax credit on profit on ordinary activities	**-**	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Employees

GROUP & ASSOCIATION
Officers' emoluments

	2026 £'000	2025 £'000
Aggregate emoluments (excluding pension contributions, but including National Insurance contributions) for all directors employed during the year (four) as detailed on page 20.	**505**	475
The emoluments of the Chief Executive (excluding pension contributions, but including National Insurance contributions)	**143**	135
Aggregate pension contributions in relation to the above key management personnel	**40**	38

No payments or fees or other remuneration was made to the Board Members during the year. The number of directors whose emoluments (excluding pension contributions, but including National Insurance contributions) paid were:

	No.	No.
£140k - £150k	**1**	-
£130k - £140k	**-**	1
£120k - £130k	**3**	-
£110k - £120k	**-**	3

GROUP & ASSOCIATION

	2026 £'000	2025 £'000
Staffing costs:		
Salaries	**7,447**	7,040
Social security costs	**900**	638
Defined contribution pension costs	**635**	583
Agency staffing cost	**229**	127
	9,211	8,388

	No.	No.
Average monthly number of employees (full time equivalent)		
Office based	**96**	92
Project based	**98**	95
Total	**194**	187

Staff Salaries include a termination payment of £6,337 (2025: £NIL) relating to a settlement payment following the termination of an employment contract. At 31 March 2026, this had been fully paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Tangible Fixed Assets – Housing Properties

GROUP & ASSOCIATION

	Held for Let £'000	Completed Properties Shared Ownership £'000	Under Construction Held for Let £'000	Total £'000
COST				
At 1 April 2025	307,462	2,205	19,851	329,518
Additions – new & existing stock	23	-	7,964	7,987
Additions – component replacement	2,265	-	-	2,265
Transfers	4,467	(121)	(4,346)	-
Disposal – existing stock	-	-	(370)	(370)
Disposal – component replacement	(534)	-	-	(534)
At 31 March 2026	313,683	2,084	23,099	338,866
DEPRECIATION				
At 1 April 2025	56,594	1,024	-	57,618
Charge	4,451	38	-	4,489
Disposal – existing stock	-	-	-	-
Disposal – component replacement	(425)	-	-	(425)
At 31 March 2026	60,620	1,062	-	61,682
Net book value at 31 March 2026	253,063	1,022	23,099	277,184
Net book value at 31 March 2025	250,868	1,181	19,851	271,900

During the year, the amount of works to existing properties that were capitalised was £2,264 (2025 - £1,966k), out of a total spend of £6,248k (2025 - £5,499k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Tangible Fixed Assets – Other Fixed Assets

GROUP & ASSOCIATION

	Furniture & Fittings £'000	Other Equipment £'000	Information Technology £'000	Motor Vehicles £'000	Heritable Property £'000	Total £'000
COST						
At 1 April 2025	119	46	605	174	4,906	5,850
Additions	-	-	-	-	23	23
Disposal	-	-	(21)	(42)	-	(63)
At 31 March 2026	**119**	**46**	**584**	**132**	**4,929**	**5,810**
DEPRECIATION						
At 1 April 2025	32	46	533	174	832	1,617
Charge for year	12	-	34	-	126	172
Disposal	-	-	(21)	(42)	-	(63)
At 31 March 2026	**44**	**46**	**546**	**132**	**958**	**1,726**
Net book value at 31 March 2026	**75**	**-**	**38**	**-**	**3,971**	**4,084**
Net book value at 31 March 2025	87	-	72	-	4,074	4,232

14. Fixed Asset Investments

GROUP & ASSOCIATION

	2026 £'000	2025 £'000
Heritable investment property	**230**	230

In 2025/26 the three commercial properties; one in Galashiels, one in Peebles and one in Denholm were valued by Graham + Sibbald Chartered Surveyors and Property Consultants Ltd (RICs) with a property valuation of £230k at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Debtors

	GROUP		ASSOCIATION	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Rental debtors	**956**	955	**954**	954
Provision for bad debts	**(585)**	(579)	**(585)**	(579)
	371	376	**369**	375
SHG receivable	**-**	1,269	**-**	1,269
Other debtors	**745**	673	**745**	673
Owed by group undertakings	**-**	-	**46**	149
Prepayments and accrued income	**349**	246	**350**	246
	1,465	2,564	**1,510**	2,712

16. Creditors – Amounts Falling Due Within One Year

	GROUP		ASSOCIATION	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Housing loans (Note 17)	**8,785**	14,305	**8,785**	14,305
Rent & services charged in advance	**309**	318	**309**	318
Trade creditors	**3,074**	2,762	**3,074**	2,762
Other taxation & social security costs	**199**	176	**199**	176
Other creditors	**990**	1,741	**990**	1,741
Deferred income – non-liquid creditors	**122**	122	**122**	122
Accruals and deferred income	**496**	335	**491**	330
	13,975	19,759	**13,970**	19,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

GROUP & ASSOCIATION

	Notes	**2026 £'000**	2025 £'000
Bank and building society loans		93,504	76,659
Local authority and other loans		175	179
		93,679	76,874
Other creditors			
Development retentions		157	347
Future pension liability	19	1,056	1,452
Financial instruments (SWAP)	18	23	71
		1,236	1,870
		94,915	78,744

Other Creditors

Development retentions due for properties currently under construction.

Loans

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest (2025/26 average 4.04%), in instalments due as follows:

GROUP & ASSOCIATION

	2026 £'000	2025 £'000
Due within 1 year: (Note 16)		
Bank and building society loans	**8,782**	14,302
Local authority and other loans	**3**	3
	8,785	14,305
Due within 1 to 2 years: (Note 17)		
Bank and building society loans	**1,815**	8,467
Local authority and other loans	**3**	3
	1,818	8,470
Due within 2 to 5 years: (Note 17)		
Bank and building society loans	**15,445**	9,364
Local authority and other loans	**12**	12
	15,457	9,375
Due after 5 years: (Note 17)		
Bank and building society loans	**76,244**	58,864
Local authority and other loans	**160**	165
	76,404	59,029
	102,464	91,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial Instruments

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

Interest Rate Risk

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

Liquidity Risk

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

18. Financial Instruments

	2026		2025	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	£'000	**£'000**	£'000	£'000
Financial liabilities				
Long term borrowing	**3,000**	**2,855**	3,000	2,807
Interest rate SWAP	**-**	**145**	-	193
	3,000	**3,000**	3,000	3,000

	2026	2025
	£'000	£'000
Due within 1 year	**122**	122
Due more than 5 years (Note 17)	**23**	71
	145	193

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Future Pension Liability (Provisions)

	2026 SHAPS Pension £'000	2025 SHAPS Pension £'000
Pension		
1 April 2025	**(1,452)**	(1,510)
Deficit contribution paid	**-**	-
Expense factor	**(84)**	(74)
Change in discount rate and actuarial assumptions	**224**	132
31 March 2026	**(1,312)**	(1,452)

	2026 £'000	2025 £'000
Due within 1 year	**(256)**	-
Due more than 5 years	**(1,056)**	(1,452)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Deferred Income

	2026	2025
	£'000	£'000
Social housing grants		
Balance as at 1 April 2025	**155,241**	154,552
Additions	**3,761**	3,292
Amortisation in year	**(2,644)**	(2,602)
Balance as at 31 March 2026	**156,358**	155,241
Other grants		
Balance as at 1 April 2025	**520**	485
Additions	**-**	34
Amortisation in year	**-**	-
Balance as at 31 March 2026	**520**	520

21. Client Bank Account

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

	2026	2025
	£'000	£'000
Balance as at 1 April 2025	**21**	44
Payment to contractors	**(809)**	(660)
Income*	**822**	638
Bank Charges	**(1)**	(1)
Balance as at 31 March 2026	**33**	21

*Income received by and on behalf of Care & Repair

22. Commitments

GROUP & ASSOCIATION

	2026	2025
	£'000	£'000
Capital commitments		
Capital expenditure authorised but not contracted for	**38,634**	32,129
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**511**	7,987

The amount contracted for at 31 March 2026 will be funded from grants approved by the government, financed from private loans, or met from the Association's reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Pensions

Scottish Housing Associations' Pension Scheme

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

	2026	2025
	£'000	£'000
Fair value of plan assets	10,345	10,303
Present value of defined benefit obligation	11,657	11,755
Surplus (deficit) in plan	(1,312)	(1,452)
Defined benefit asset (liability) to be recognised	(1,312)	(1,452)

Reconciliation of opening and closing balances of the defined benefit obligation

	2026	2025
	£'000	£'000
Defined benefit obligation at start of period	11,755	12,737
Expenses	20	20
Interest expense	662	609
Actuarial losses (gains) due to scheme experience	(192)	252
Actuarial losses (gains) due to changes in demographic assumptions	132	-
Actuarial losses (gains) due to changes in financial assumptions	(149)	(1,283)
Benefits paid and expenses	(571)	(580)
Defined benefit obligation at end of period	11,657	11,755

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

	2026	2025
	£'000	£'000
Fair value of plan assets at start of period	10,303	11,227
Interest income	578	535
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	15	(899)
Contributions by the employer	20	20
Benefits paid and expenses	(571)	(580)
Fair value of plan assets at end of period	10,345	10,303

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2026 was (£593,000)

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

	2026	2025
	£'000	£'000
Expenses	20	20
Net interest expense	84	74
Defined benefit costs recognised in statement of comprehensive income (SOCI)	104	94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Defined benefit costs recognised in other comprehensive income

	2026	2025
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	**15**	(899)
Experience gains and losses arising on the plan liabilities - gain (loss)	**192**	(252)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	**(132)**	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	**149**	(1,283)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	**224**	132
Total amount recognised in other comprehensive income - gain (loss)	**224**	132

Accounting Disclosures

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan was put in place to eliminate the deficit which runs to 31 March 2030.

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

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

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deficit contributions

As stated previously, a deficit Recovery Plan has been implemented with the first payment due during 2026/27 and will run initially for 3 years, however this may be extended to 5 years dependent on the outcome of the Verity Trustees v Wood case (see Other considerations below). Eildon's deficit recovery payment is £256k per annum inflated by CPI.

Contingent Liability if Eildon ceases to participate in the Scheme

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

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

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

Other considerations

In May 2021, Verity Trustees (the Trustee of the SHAPs Scheme) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it was prudent to seek clarification from the Court and there was a High Court Hearing (Verity Trustees v Wood) held in the first quarter of 2025. The judgement on this case is still outstanding as at 31 March 2026.

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

24. Legislative Provisions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Called Up Share Capital

	GROUP		ASSOCIATION	
	2026	2025	**2026**	2025
Allotted, Issued and Fully Paid: Shares of £1 each				
	£	£	**£**	£
At 1 April 2025	**58**	78	**58**	78
Issued in year at par	**4**	5	**4**	5
Cancelled in year	**-**	(25)	**-**	(25)
At 31 March 2026	**62**	58	**62**	58

The shares were allotted to individuals wishing to become members.

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

26. Restricted reserves

	GROUP		ASSOCIATION	
	2026	2025	**2026**	2025
National Lottery Community Fund				
	£'000	£'000	**£'000**	£'000
At 1 April 2025	**36**	-	**36**	-
Income	**48**	49	**48**	49
Expenditure	**(39)**	(13)	**(39)**	(13)
At 31 March 2026	**45**	36	**45**	36

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Related Party Transactions

Eildon Enterprise Ltd

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

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

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

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

	2026	2025
	£'000	£'000
Consultancy services provided to EEL	**359**	302
Amount due from EEL at the year end	**48**	149
Amount due to EEL at the year end	**-**	-

	2026	2025
	£	£
Payments to EHA Board Members who are tenants	**-**	-
Amount due to EHA at the year-end (paid in advance)	**-**	-

The EEL Balance Sheet and Profit & Loss Account, along with Eildon Housing Association make up the Group accounts financial statements (pages 32 - 34).

Allied Surveyors

During the year, Eildon Housing Association engaged the services of Allied Surveyors, a firm of Chartered Surveyors in which Chris Highton, a director of the company, is also a Board Member of Eildon Housing Association.

Fees amounting to £5,220 (2025: £NIL) were paid to the firm during the year. At the year end, amounts outstanding totalled £NIL (2025: £NIL).

The transactions were undertaken on normal commercial terms and at arm's length.