

UNAUDITED MEMBERS' REPORT AND FINANCIAL STATEMENTS

BRIDGE HOMES LLP

Registration Number: SO304775

FOR THE YEAR TO 31 MARCH 2023

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MEMBERS' ANNUAL REPORT

The Members present their Annual Report and the Financial Statements for the year ended 31 March 2023.

Reference and Administrative Information

Company Name	Bridge Homes LLP
Company Registration Number	SO304775
Registered Office	Council HQ Newtown St Boswells Melrose Scottish Borders TD6 0SA

Designated Members

The members who held office during the year and to the date of these financial statements were as follows:

Scottish Borders Council

Scottish Future Trust Investments Ltd

The Council has two votes and Scottish Futures Trust has one vote as per the Members Agreement resulting in Scottish Borders Council having a controlling share of the LLP.

Professional support

The Council provides the Administrative, Legal and Financial support and advice to Bridge Homes.

Principal Activity

The principal activity of Bridge Homes since establishment in 2014/15 was investment in mid-market residential property for domestic rental to meet an identified social need within the Scottish Borders. Following the sale of all Bridge Homes Properties to Eildon Housing Association on 25th March 2022, the principal activity in the year 2022/23 has been to collect and pay outstanding debts. The process to wind up Bridge Homes has commenced.

Activity Summary

Bridge Homes was legally established in 2014/15 as a Limited Liability Partnership between Scottish Borders Council and Scottish Futures Trust in order to provide additional affordable housing for mid-market rent via the National Housing Trust / Local Authority Variant Initiative. By 31 March 2018 Bridge Homes owned 45 homes at Castle View Ayton, Queen Elizabeth Drive Galashiels, Standalane Way Peebles, Croft Field Court Denholm, Henderson's Court Kelso, and Waverley Road Innerleithen.

During 2018/19 Bridge Homes acquired an additional 4 flats at Hydro Gardens Peebles and 5 houses at Washington Avenue Kelso. Therefore by year end 31 March 2019 Bridge Homes owned 54 affordable homes across Scottish Borders. These final 9 acquisitions effectively brought an end to the development, or acquisition, phase of Bridge Homes' activity. 31 March 2019 was also the extended initiative deadline for completed homes delivery agreed between the Council and Scottish Government.

The National Housing Trust / Local Authority Variant model is predicated on the disposal of Bridge Homes properties sometime between their fifth and tenth year anniversaries in order to repay the loan capital to the Council. The terms of The Local Authority Variant model means that Bridge Homes LLP tenants did not have the option to purchase. Eildon Housing Association has previously expressed a willingness to collaborate with the Council and Scottish Futures Trust to explore ways to transfer all of the LLP's housing stock to the Association, thereby retaining the homes in the affordable housing sector in perpetuity, and enabling existing tenants to continue living in their homes.

Council Officers consequently met with their Scottish Government / More Homes Division and Scottish Futures Trust counterparts in order to identify and agree a preferred way forward for a potential disposal strategy. The experience gained by Scottish Futures Trust and Scottish Government / More Homes Division and Housing Policy staff from previous LLP disposals helped progress the thinking regarding how best to progress the Bridge Homes LLP disposal.

Discussions between the stakeholders confirmed a willingness to agree a plan and process to transfer the houses to Eildon HA if it could be achieved by 31 March 2022. This was critical since this would ensure that the Association would secure AHSP grant to assist them purchase the homes.

The proposed disposal to the Association was agreed by the meeting of Scottish Borders Council on 16 December 2021, and subsequently by the Board of the LLP on 17 January 2022. This cleared the way for the disposal strategy to be successfully implemented, with the transfer to the Association settling on 25 March 2022 as planned.

Since settlement date, Scottish Futures Trust and Council staff have been working on progressing payment of a small number of residual outstanding invoices relating to activity and responsibilities prior to 25 March 2022. This has been assisted by Orchard and Shipman's cooperation with the ending of their managing agent role.

David Robertson CPFA
Designated Member
Scottish Borders Council
29th June 2023

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MEMBERS' REPORT AND FINANCIAL STATEMENTS

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so. As the intention is to liquidate Bridge Homes, members have used a basis other than going concern.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction

For the financial year 2022/23 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for 2022/23 in accordance with section 476 of the Companies Act 2006. The directors acknowledge their

responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

These financial statements were approved for signature by the Council as it's meeting on 29th June 2023.

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME for the year ended 31 March 2023

2021/22		2022/23	Notes
£		£	
247,983	Turnover	(4,037)	1
(79,613)	Cost of Sales	1,948	2
168,370	Gross Profit	(2,088)	
(17,685)	Administrative Expenses	(136)	3
150,685	Operating Loss	(2,224)	
(109,640)	Interest Payable & Similar Expenses	(31)	4
(42,889)	Loss On Disposal of Property	0	
(1,844)	Profit/(Loss) For The Financial Year Available For Discretionary Division Among Members	(2,255)	5
1,611,279	Other Comprehensive Income Revaluation Reserve Realised	0	
1,609,435	Total Comprehensive Income	(2,255)	

The LLP's turnover and expenses relate to outstanding income and expenditure from financial year 2021/22. Estimated figures at this time show income which was estimated to be above actual income received and expenditure estimated to be above actual expenditure in the financial year, therefore figures shown in 2022/23 show a correction of this position. Due to the sale of the properties this will no longer be a continuing operation.

The Accounting Policies on pages 10 and 11 and the Notes on pages 12 to 14 form part of these Financial Statements.

BALANCE SHEET as at 31 March 2023

2021/22		2022/2023		Notes
£		£	£	
	Fixed Assets			
0	Property, Plant and Equipment		0	5
	Current Assets			
67,508	Debtors	0		6
321,822	Cash at Bank	349,310		
389,330		349,310		
	Creditors			
(37,764)	Amounts falling due within 1 year	0		7
351,565	Net Current Assets		349,310	
351,565	Net Assets attributable to Members		349,310	
	Represented By:			
0	Loans and Other Debts due to Members		0	8
	Members' Other Interests			
2	Capital Account	2		9
351,563	Profit and Loss Reserve	349,308		
0	Revaluation Reserve	0	349,310	
351,565	Total Members' Interests		349,310	

The Accounting Policies on pages 10 and 11 and the Notes on pages 12 to 14 form part of these Financial Statements.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

David Robertson CPFA
 Designated Member
 Scottish Borders Council
 29th June 2023
 Company Registered Number: SO304775

CASH FLOW STATEMENT for the year ended 31 March 2023

2021/22 £		2022/23 £
	Reconciliation of Profit to Net Cash Flow from Operating Activities	
(1,844)	Profit/(Loss) for the Financial Year	(2,255)
152,529	Adjustments to Profit for Non Cash Movements	31
(30,259)	(Increase)/Decrease in Debtors	67,508
12,326	Increase/(Decrease) in Creditors due within 1 year	(37,764)
132,752	Net Cash Inflow from Operating Activities	27,519

2021/22 £		2022/23 £
	Cash Flow Statement	
132,752	Net Cash Inflow from Operating Activities	27,519
	Investing Activities	
7,835,000	Disposal of Investment Properties	0
7,835,000	Net Cash Inflow/(Outflow) from Investing Activities	0
	Financing Activities	
(1,329,000)	Balance of Sales Proceeds Paid to Members	0
(894,000)	Capital Repayment	0
(5,611,982)	Loan Repayment	0
(109,640)	Interest Payable	(31)
(7,944,640)	Net Cash Inflow/(Outflow) from Financing Activities	(31)
23,112	Increase/(Decrease) in Cash	27,488
23,112	Movement in Cash in Period	27,488

The Accounting Policies on pages 10 and 11 and the Notes on pages 12 to 14 form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2023

	Members Capital (Classified As Equity) £	Profit & Loss Reserve £	Revaluation Reserve £	Loans & Other Debts Due To Members £	Total £
Balance at 1 April 2022	2	1,680,580	0	(1,329,017)	351,565
Profit/(Loss) For The Year Available for Discretionary Division Among Members	0	(2,255)	0	0	(2,255)
Repaid to SBC	0	(1,329,017)		0	0
Revaluation Reserve transferred following disposal	0	0	0	0	0
Balance of Sales Proceeds Paid to Members				0	0
Balance at 31 March 2023	2	349,308	0	0	349,310

	Members Capital (Classified As Equity) £	Profit & Loss Reserve £	Revaluation Reserve £	Loans & Other Debts Due To Members £	Total £
Balance at 1 April 2021	894,002	71,146	1,611,279	5,611,982	8,188,409
Profit/(Loss) For The Year Available for Discretionary Division Among Members	0	(1,844)	0	0	(1,844)
Repaid to SBC	(894,000)			(5,611,982)	(6,505,982)
Revaluation Reserve transferred following disposal	0	1,611,279	(1,611,279)	0	0
Balance of Sales Proceeds Paid to Members				(1,329,017)	(1,329,017)
Balance at 31 March 2022	2	1,680,580	0	(1,329,017)	351,565

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of Preparation

The financial statements have been prepared under historic cost accounting rules modified for the revaluation of certain fixed assets and in accordance with FRS 102 1A, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice: Accounting by Limited Liability Partnerships (effective 2019) issued by the CCAB (Consultative Committee of Accountancy Bodies).

Basis Other than Going Concern

Bridge Homes is 99.999% owned by Scottish Borders Council and is financed under a Facility Agreement with the Council to borrow up to £18.8m along with a £3.3m contribution from the Councils' Affordable Housing Investment Budget.

As at 31 March 2023, as a result of the sale of properties to Eildon Housing Association, the drawn down amounts under the facility agreement have been repaid.

The Members have undertaken a going concern assessment. As a result of the disposal of the properties and the intention to cease trading, the financial statements have been prepared on a basis other than going concern. Bridge Homes LLP continues in existence albeit as a non-trading company. There were no adjustments necessary for the Assets and Liabilities as a result of the basis other than going concern.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from tenants are accounted for as income at the date the relevant service is provided.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Interest payable on capital advances is accounted for based on the applicable 4^{1/2} - 5 year PWLB (Public Works Loan Board) fixed interest rate applicable at the date the borrowing was initially incurred.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.
- Income and expenditure are credited and debited to the revenue account, unless they properly represent capital receipts or capital expenditure.

Turnover

Turnover represents invoiced rental income from tenanted investment properties. This rental income is exempt from value added tax.

Tangible Fixed Assets

Tangible fixed assets, with a value greater than £1,000, having a value to the business greater than one year, other than those acquired for the purpose of specific projects, are capitalised.

With the sale of the Properties, Bridge Homes no longer has fixed assets reported on the Balance Sheet as at 31st March 2022.

Cash and Liquid Assets

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either convertible into known amounts of cash at or close to their carrying values. Liquid resources comprise term deposits of less than one year.

Inventories

Any inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Support Services

The costs of support services provided by Scottish Borders Council are charged to Bridge Homes LLP in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SeRCOP).

Accounting estimates and judgments disclosure note

The Annual Accounts no longer contain estimated figures that are based on assumptions made by Bridge Homes about the future or that are otherwise uncertain.

NOTES TO THE FINANCIAL STATEMENTS

1 Turnover

2021/22 £		2022/23 £
247,983	Rental Income/Grant	(4,037)
247,983		(4,037)

2 Cost of Sales

2021/22 £		2022/23 £
76,908	Management Charges	2,089
866	Insurance	0
-	Landlord Registration	0
879	Other	(141)
960	Utilities	0
79,613		1,948

3 Administrative Expenses

2021/22 £		2022/23 £
685	Accountancy and Legal	136
17,000	Audit	0
17,685		136

4 Interest Payable & Similar Charges

2021/22 £		2022/23 £
30	Bank Charges	31
109,610	Interest Payable to Local Authority	0
109,640		31

5 Property, Plant and Equipment

(Property, Plant and Equipment consists of Land and Buildings)

2021/22 £		2022/23 £
7,877,889	NBV at 31 March 2021	0
(7,877,889)	Sale of Properties	0
0	Revaluation Gains Credited to the Revaluation Reserve	0
0	NBV at 31 March 2022	0

6 Debtors

2021/22 £		2022/23 £
56,282	Unpaid Rental Income	0
10,184	Grant for Central Support Costs	0
1,041	Other Debtors/Prepayments	0
67,508		0

7 Creditors: Amounts Falling Due Within One Year

2021/22 £		2022/23 £
6,348	Management Charges	0
6,832	Repairs & Maintenance	0
0	Utilities	0
14,400	Audit	0
2,542	Accountancy	0
3,299	Legal Fees	0
4,344	Miscellaneous	0
37,764		0

8 Loans & Other Debts Due To Members

2021/22 £		2022/23 £
1,329,017	Loan from Local Authority	0

9 Members' Capital

2021/22 £		2022/23 £
1	Initial Capital - Scottish Borders Council	1
1	Initial Capital – Scottish Futures Trust Investments Ltd	1
0	Capital Grant - Scottish Borders Council	0
2		2

10 Related Party Transactions

Throughout the year Bridge Homes was controlled by the members. During the year, Bridge Homes entered into the following transactions with Scottish Borders Council:

	Transaction £	Debtor/ (Creditor) At 31 March 2023 £
Loan	0	0
Capital Grant	2	(2)
Revenue Grant	0	0
Service Charge	0	0
Balance of Sales Proceeds	(1,329,017)	0
Loan Interest	0	0
	(1,329,017)	(2)

11 Ultimate Controlling Party

The Bridge Homes is controlled by the Designated Members as detailed on page 2.

CONTACT INFORMATION

For further information on Bridge Homes LLP, please contact

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