

BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered Housing Association No. HCB70

Financial Conduct Authority No. 2229R(S)

Charity No. SC 036265

FRENCH DUNCAN LLP

Chartered Accountants

Statutory Auditors

133 Finnieston Street

Glasgow

G3 8HB

BARRHEAD HOUSING ASSOCIATION LIMITED
GOVERNING BOARD, EXECUTIVES AND ADVISERS

31 MARCH 2014

GOVERNING BOARD

Rena McGuire (Chairperson)
Claire Boyd (Vice Chairperson)
Brian Connelly MBE (Secretary)
Laura Hendry
David McCready

Gavin McVicar
Michael Mukhtar
Cllr Tommy Reilly
Edward Tweedie

EXECUTIVE OFFICERS

Shirley Robison
Jim Munro
Douglas McIntyre
Helen Sutherland

Chief Executive
Director of Customer Services
Director of Property Services
Director of Corporate Services

REGISTERED OFFICE

60-70 Main Street
Barrhead
Glasgow
G78 1SB

AUDITORS

FRENCH DUNCAN LLP
133 FINNIESTON STREET
GLASGOW
G3 8HB

BANKERS

BANK OF SCOTLAND
112 MAIN STREET
BARRHEAD
GLASGOW
G78 1RD

SOLICITORS

TC YOUNG
7 WEST GEORGE STREET
GLASGOW
G2 1BA

REGISTRATION PARTICULARS:

Financial Conduct Authority

Industrial and Provident Societies Act 1965
Registered Number 2229R(S)

Scottish Housing Regulator

Housing Scotland Act 2010
Registered Number HCB 70

Scottish Charity Regulator

Charities and Trustee Investment (Scotland) Act 2005
Scottish Charity Number SC 036265

BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

The Governing Board present their report and audited financial statements for the year ended 31 March 2014.

Principal activity

The principal activity of Barrhead Housing Association Limited (“Barrhead” or “Association”) is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

Barrhead is registered with the Financial Conduct Authority as an Industrial and Provident Society, the Office of the Scottish Charities Regulator (OSCR) as a charity, and the Scottish Housing Regulator as a Registered Social Landlord.

Our Strategic Aims

Barrhead’s strategic aims are set out in its Business Plan and are as follows:

- Promotion of tenant involvement in the management of their homes and in the management of the Association.
- Have an organisation that is accountable to tenants and represents their views.
- Provide a quality housing and management service for the local community.
- Undertake comprehensive improvement programmes including an aim to achieve secure, safe homes.
- Provide quality rented housing at affordable, comparable rents as far as possible within the viability of our business.
- Provide a cost effective and efficient service to all our customers.
- To work in partnership with other housing providers to meet housing needs.
- Attract investment, if financially viable for the Association to build new housing as part of a development strategy and to identify partnership arrangements to fulfill this.
- Contribute to the local economy through the creation of employment and training needs wherever possible and as identified by our wider community regeneration strategy.
- Support initiatives that will promote a healthy community and improve the quality of peoples’ lives.
- To grow our subsidiary to develop business opportunities and partnerships which aim to benefit the Association, our communities and our customers.

Our vision is one of diverse communities in which people can expand their opportunities, exercise choice and maximise their potential. Some of the main objectives which we think can help achieve this aim include:

- achieving continuous improvement in all the services we deliver, and achieving and maintaining high standards of business efficiency and effectiveness;
- creating opportunities for significant levels of user involvement in what we do; and
- being recognised by regulators and strategic partners as delivering excellent performance.

We see these as challenging objectives, which will change the way we deliver our core services of housing, housing support, advice, and consultancy. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

Business review

Barrhead made a surplus of £955,460 (2013 £899,807) during the year.

The Association has continued in 2013/14 to review its systems, controls and procedures.

The Association has a clearly defined programme of improvement works which it is in the process of carrying out. The Association is 98.3% compliant with the Scottish Housing Quality Standards.

Results for the year and transfers

The results for the year are shown in the Income and Expenditure Account.

	£
Transfers to designated reserve:	
Major repairs reserve	<u>716,593</u>
Retained in revenue reserve	<u>238,867</u>

Members of the Governing Board

The Members of the Governing Board of the Association during the year to 31 March 2014 were as follows:

Rena McGuire (Chairperson)	Cllr Tommy Reilly
Claire Boyd (Vice Chairperson)	William Anderson (Resigned 30.10.13)
Brian Connelly MBE (Secretary)	Michael Mukhtar
Jack Tait (Resigned 29.05.14)	Laura Hendry
Edward Tweedie	Gavin McVicar
David McCready	Catherine Sturrock (Appointed 30.12.13 and Resigned 26.06.14)

Each full member of the Governing Board holds one fully paid share of £1 in Barrhead. The executive officers of Barrhead hold no interest in Barrhead's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Governing Board.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

Executive Team

The Executive Team Members of Barrhead are as follows:

Shirley Robison	Chief Executive
Jim Munro	Director of Customer Services
Douglas McIntyre	Director of Property Services
Helen Sutherland	Director of Corporate Services

Operational Review

1 Corporate Governance

Barrhead has a Governing Board who is elected by the members of the Association (see above for details). It is the responsibility of the Board to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Governing Board are unpaid.

The Executive Team of Barrhead (as listed above) is responsible for achieving the strategy set, undertaking the operational activities in line with the policies set.

Our governing body is our Governing Board, which is responsible to the wider membership. The governing Board members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

The Vice Chair, Claire Boyd and Secretary, Brian Connelly MBE achieved the SVQ Governance qualification in 2009. All Board members receive an annual appraisal on their performance, which is then reported on to the Governing Board.

This report details issues that have arisen during the year relating to the main activities undertaken by Barrhead.

2 Corporate Issues

Tenant involvement and participation is a major part of Barrhead's Aims and Objectives, and we continue to review how Barrhead involves tenants in all its activities.

Barrhead is committed to involving staff in decision making and policy making. In the year just ended, staff were fully involved in the business planning process and regular staff meetings were held to keep staff informed of our activities.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

3 Performance Management

Service delivery is underpinned by staff performance. This continues to be a high priority for us. In the last year we have continued with our staff appraisal system and this produces a staff development needs assessment in line with the budget provision. We also continue to review our performance management framework, which influences our reporting performance framework. Investors in People status was first awarded in May 2009. At re-assessment in January 2012, the Association achieved the Bronze status.

4 Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have continued with a programme of major investment in our housing stock, which is by far our most costly asset. This includes both carrying out improvements, and also considering the requirements for future demand as highlighted in our Asset Management Strategy. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. During the year we have implemented a new Information and Technology system to improve performance throughout the organization.

5 Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. We have implemented a new complaints model which will assist us in monitoring the views and expectations of our tenants which will help drive our continuous service improvement.

6 Development Issues

In the year just completed the Association has spent £1,161,393 (2013 - £1,454,009) on its development programme and acquisition of houses, of which £525,845 (2013 - £480,948) was funded by grants received from the Scottish Government (Housing Association Grant).

7 Housing Issues

Barrhead continues to work on reducing the period of time taken to re-let or let new properties, to ensure that we maximise our effectiveness in housing people in need, and reduce our costs. The rent loss due to empty properties was £17,208 (2013 - £11,437). This loss was greater than last year's although very similar for the year to 2012. We are always striving to reduce this loss further although improvement may be difficult due to the likely impact of welfare reform.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

8. Other Areas

Risk Management Policy

The Governing Board has a formal risk management process, which is linked to our Business Plan. This will assess business risks and the implementation of our risk management strategies. This involved identifying the types of risks the Association faces and is likely to face, assessing them in terms of whether they pose a low, medium or high risks and identifying means of mitigating the risks. As part of this process the Governing Board have reviewed the adequacy of the Association's current internal controls.

Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Association faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks concerned materialising;
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise and the costs of operating particular controls relative to the benefit obtained;
- clarified the responsibility of management to implement the Governing Board's policies and to identify and evaluate risks for their consideration;
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Association's operations so that it becomes part of the culture of the Association;
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Governing Board together with details of corrective action being undertaken.

Internal Financial Control

The Governing Board is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Governing Board has established with a view to providing effective internal financial control are listed on pages 10 and 11.

Management Structure

The Governing Board has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Governing Board.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

Budgetary Process

Each year the Governing Board approves the annual budget and rolling three-year strategic business plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Governing Board of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Credit Payment

The Association's approach concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

General Reserves

The Governing Board members have reviewed the reserves of Barrhead. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year the Association's general reserve increased from £1,132,784 to £1,371,651 (see note 6).

The Association has one designated fund for major repairs. The purpose of this fund is detailed in note 1 to the financial statements.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Governing Board. Reviews are carried out during the development period, to monitor expenditure and performance.

Maintenance policies

Barrhead seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major improvements to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

The Association will be required to assess and meet the requirement of the new Energy Efficiency Standard for Social Housing, EESH, going forward. These provide targets for 2020 until 2050 on energy efficiency standards.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2014

Treasury Management

Barrhead has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Governing Board. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. The Association, as a matter of policy, does not enter into transactions of a speculative nature.

Employee Involvement and Health & Safety

Barrhead achieved Investors in People accreditation in May 2009. Bronze status was accredited in January 2012. Barrhead is also involved in the Healthy Working Lives accreditation to improve the health and well being of staff. We were re-assessed in 2013 and we continue to achieve the Gold Standard.

The Association encourages employee involvement in all major initiatives and maintaining Health & Safety standards in all areas. When appropriate, staff are encouraged to participate in the development and revision of policies etc.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent staff development. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chief Executive.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Rental Income

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

Future developments

The Association intends to continue with its policy of improving the quality of housing within its area of operation. At present we are working towards achieving planning permission for the development of 15 affordable new build units.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

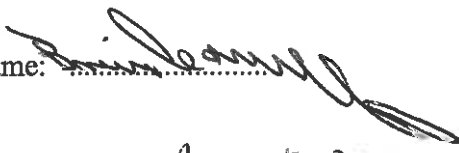
31 MARCH 2014

Auditors

French Duncan LLP has indicated their willingness to continue acting as auditor to the Association.

On behalf of the Governing Board

Name:



Handwritten signature in black ink, appearing to read "D. Duncan".

Date:

Handwritten date: 7th August 2014

BARRHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF GOVERNING BOARD RESPONSIBILITIES

31 MARCH 2014

The Governing Board is responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute requires the Governing Board to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Housing Association and of the surplus or deficit of the Housing Association for that year. In preparing those financial statements, the Governing Board is required to fulfil the following obligations:

- select suitable accounting policies and 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 the financial statements on the going concern basis unless it is inappropriate to presume that the Housing Association will continue its business; and
- prepare a statement on internal financial control.

The Governing Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Scotland Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (April 2012). They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Board confirms that the financial statements comply with the above requirements.

In so far as the Governing Board is aware:

- there is no relevant audit information of which the Association's auditors are unaware; and
- the Governing Board has taken all steps that it ought to have taken to make its members aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

By order of the Governing Board

Name: 

Date: 7th August 2014

BARRHEAD HOUSING ASSOCIATION LIMITED

GOVERNING BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2014

The Governing Board acknowledge their ultimate responsibility for ensuring that the Association 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:

- the reliability of financial information used within the Association or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

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

- 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 take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Governing Board and staff 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 the Governing Board;
- the Governing Board review reports from management, from directors, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed, including a general review of the major risks facing the Association; and
- formal procedures have been established for implementing appropriate action to correct weaknesses identified from the above reports.

BARRHEAD HOUSING ASSOCIATION LIMITED

GOVERNING BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2014
(Continued)

The Governing Board have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2014 and until the below date. 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.

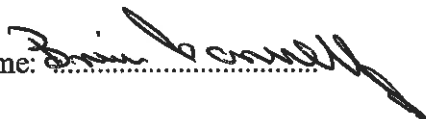
Scottish Housing Regulator – Notifiable Events

The Association is required, along with all other registered social landlords, to notify the Scottish Housing Regulator of unusual events. These could be, for example, around significant performance failures, of major health and safety events, or members being removed from the Governing Board or senior staff leaving the organisation. The list is quite lengthy. During the year, we have had no events that resulted in Notifiable Events being confirmed to the Scottish Housing Regulator.

Last year there was a Notifiable Event concerning the payment of a credit note to a contractor that we no longer use. As a result of this we employed internal auditors to carry out a full audit of internal financial controls to ensure this would not re-occur. The Financial Regulations Policy and Procedures have been revised to reflect the recommendations from the internal audit report.

By order of the Governing Board

Name:



Date: .. 7 .. August .. 2014

BARRHEAD HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BARRHEAD HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Barrhead Housing Association Limited for the year ended 31 March 2014 on pages 14 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

Respective responsibilities of the Governing Board and auditor

As explained more fully in the Governing Board's Responsibilities Statement set out on page 9, the Governing Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (April 2012).

BARRHEAD HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BARRHEAD HOUSING ASSOCIATION LIMITED
(Continued)

Matters arising on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

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



French Duncan LLP
Chartered Accountants
Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

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BARRHEAD HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Turnover	2	3,614,307	3,453,189
Less: Operating Costs	2	(2,226,590)	(2,147,532)
Operating Surplus	2	1,387,717	1,305,657
Gain on sale of fixed assets		15,415	56,586
Interest receivable and other income		30,163	24,945
Interest payable and other charges	4	(477,835)	(487,381)
Surplus on ordinary activities before tax		955,460	899,807
Taxation on surplus on ordinary activities	5	-	-
Surplus for year		955,460	899,807

The results for the year relate wholly to continuing activities.

BARRHEAD HOUSING ASSOCIATION LIMITED
BALANCE SHEET
AS AT 31 MARCH 2014

	Notes	£	2014 £	2013 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	7a		54,780,680	54,124,722
Less: HAG	7a		<u>(39,021,702)</u>	<u>(38,495,857)</u>
			15,758,978	15,628,865
Other Assets	7a		<u>388,653</u>	<u>304,471</u>
Investments	7b		16,147,631	15,933,336
			<u>1</u>	<u>1</u>
			16,147,632	15,933,337
Current Assets				
Debtors	8	140,395		481,810
Cash at bank and in hand		<u>3,051,796</u>		<u>2,408,850</u>
		3,192,191		2,890,660
Current Liabilities				
Creditors due within one year	9	<u>(1,473,424)</u>		<u>(1,404,739)</u>
Net Current Assets			<u>1,718,767</u>	<u>1,485,921</u>
			17,866,399	17,419,258
Creditors due after one year	10		<u>(12,414,202)</u>	<u>(12,922,482)</u>
Net Assets			<u>5,452,197</u>	<u>4,496,776</u>
Capital and Reserves				
Share capital	12		89	128
Designated reserves	6		4,073,697	3,357,104
Revenue Reserve	6		1,371,651	1,132,784
Restricted Funds	6		<u>6,760</u>	<u>6,760</u>
			5,452,197	4,496,776

These financial statements were approved and authorised for issue by the Governing Board on 7 August 2014 and signed on their behalf by:

Secretary: 

Governing Board Member: 

Governing Board Member: 

BARRHEAD HOUSING ASSOCIATION LIMITED**CASH FLOW STATEMENT****YEAR TO 31 MARCH 2014**

	Notes	2014	2013
		£	£
Net cash inflow from operating activities	13	2,393,764	1,435,452
Return on investments and servicing of finance			
Interest received		30,163	24,945
Interest payable		(477,835)	(487,381)
		<u>(447,672)</u>	<u>(462,436)</u>
Investing activities			
Cash paid for construction and purchases		(1,161,393)	(1,454,009)
Housing association grant received		525,845	480,948
Housing association grant repaid		-	-
Proceeds of sale of fixed assets		29,823	76,032
Purchase of other fixed assets		(157,977)	(33,257)
		<u>(763,702)</u>	<u>(930,286)</u>
Net cash outflow from investing activities		(763,702)	(930,286)
Net cash inflow before financing	13	1,182,390	42,730
Financing			
Loans received		-	900,000
Loan principal repayments		(539,444)	(369,892)
		<u>(539,444)</u>	<u>(369,892)</u>
Net cash (outflow)/inflow from financing		(539,444)	530,108
Increase in cash		<u>642,946</u>	<u>572,838</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (p) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Conduct Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Scottish Housing Regulator Determination of Accounting Requirements (April 2012) and The Statement of Recommended Practice (SORP) 2010, "Accounting by Registered Social Landlords" and applicable Accounting Standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 7 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments, which have been given approval for Housing Association Grant.

(d) Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount, which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time by the grant awarding body. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(e) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are determined by the grant awarding bodies and are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to development costs when they are receivable.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

(f) **Fixed assets - Housing land and buildings (note 7)**

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" by the grant awarding bodies for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

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

Interest on the loan financing the development is capitalised up to the relevant date of completion.

(g) **Depreciation**

(i) **Housing Properties**

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. The Association depreciates housing properties by major component on a straight line basis over the expected economic useful lives of each identified component. All components are categorised as Housing Properties in note 7. No depreciation is charged on the cost of land.

Component	Useful Economic Life
Kitchen	15 years
Central Heating System	30 years
Boilers	15 years
Bathrooms	20 years
Windows	25 years
Lifts	40 years
Structure	50 years

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

(ii) **Other fixed assets**

The Association's assets are written off evenly over their expected useful lives as follows:

Office premises	-	over 30 years
Furniture & equipment	-	over 5 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) **Designated Reserve - reserves for improvements (note 6)**

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve to the extent that it is projected that it will not be met from HAG.

(i) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

(j) **Lease obligations**

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(k) **Sale of Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

(l) **Pensions**

The Association participates in the centralised Scottish Housing Associations' Defined Benefit and Defined Contribution Pension Schemes and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(m) **Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

(n) **Improvements**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

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

(o) **Turnover**

Turnover represents rental income receivable from tenants.

BARRHEAD HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31 MARCH 2014****(Continued)****2. Particulars of turnover, operating costs and operating surplus or deficit**

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/(Deficit) 2013 £
Social Lettings	3,509,609	2,133,634	1,375,975	1,307,159
Other activities	104,698	92,956	11,742	(1,502)
Total	<u>3,614,307</u>	<u>2,226,590</u>	<u>1,387,717</u>	<u>1,305,657</u>
2013	<u>3,453,189</u>	<u>2,147,532</u>	<u>1,305,657</u>	

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

3. Particulars of Income and Expenditure from Lettings

	Housing Accommodation	Supported Housing	Shared Ownership	2014 Total	2013 Total
	£	£	£	£	£
Income from lettings					
Rent receivable net of Identifiable Service Charges	3,410,909	42,480	22,672	3,476,061	3,274,739
Service charges receivable	48,446	-	2,310	50,756	82,401
Gross income from rents and service charges	3,459,355	42,480	24,982	3,526,817	3,357,140
Less: Voids	(17,208)	-	-	(17,208)	(11,437)
Net income from rents and service charges	3,442,147	42,480	24,982	3,509,609	3,345,703
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total Turnover from Social Letting Activities	3,442,147	42,480	24,982	3,509,609	3,345,703
Management and maintenance administration costs	932,524	9,929	-	942,453	885,728
Service costs	48,447	-	2,310	50,757	82,401
Planned and cyclical maintenance including major repair costs	257,015	-	-	257,015	213,135
Reactive maintenance costs	372,340	-	-	372,340	337,736
Bad debts – rents and service charges	7,552	-	-	7,552	23,362
Depreciation of social housing	477,401	10,907	2,719	491,027	487,976
Tenant Participation	12,490	-	-	12,490	8,206
Total Expenditure on Lettings	2,107,769	20,836	5,029	2,133,634	2,038,544
Operating Surplus on Letting Activities	1,334,378	21,644	19,953	1,375,975	1,307,159

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2013 - £nil).

The total amount of major repairs expenditure incurred in the year was £54,147 (2013 - £71,607).

Capitalised works to existing properties included in fixed assets additions totalled £358,431 (2013 - £636,562).

BARRHEAD HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014
(Continued)

3b Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Community Regeneration	-	-	-	-	-	-	37,866	(37,866)	(44,147)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	3,304	(3,304)	(1,600)
Development and construction of property activities	6,046	-	-	-	6,046	-	9,446	(3,400)	(4,192)
Support activities	-	-	1,232	-	1,232	-	14,805	(13,573)	(15,647)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	6,890	6,890	-	6,890	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Big Lottery Investing in Ideas Funding	-	-	-	-	-	-	-	-	(9,700)
Big Lottery Young People Funding	-	-	-	-	-	-	-	-	3,899
Other Income	-	-	-	90,530	90,530	-	20,645	69,885	69,885
Total from other activities	6,046	-	1,232	97,420	104,698	-	92,956	11,742	(1,502)
2013	17,061	-	1,232	89,193	107,486	-	108,988	(1,502)	

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

4.	Interest payable	2014	2013
		£	£
	Interest paid in period	477,835	487,381
	Less capitalised	<u>-</u>	<u>-</u>
		<u>477,835</u>	<u>487,381</u>

5. Taxation

The Association became a charity on 17 December 2004. After that date there is no Corporation Tax due on its exempt activities.

6. Reserves

(a) Designated Reserves

	At 31 March 2013 £	Transfer £	At 31 March 2014 £
Improvements reserve	<u>3,357,104</u>	<u>716,593</u>	<u>4,073,697</u>

No restrictions are placed upon this reserve, but the Governing Board has designated its use for specific purposes.

(b) Revenue Reserves

	2014 £
Opening balance at 1 April 2013	1,132,784
Surplus for year	955,460
Transfer to designated reserves	<u>(716,593)</u>
Closing balance at 31 March 2014	<u>1,371,651</u>

(c) Restricted Funds

	At 1 April 2013	Received during year	Spent during year	Transfer to Revenue Reserve	Transfer from Revenue Reserve	At 31 March 2014
Big Lottery Fund – Investing in Ideas		-		-	-	-
Big Lottery Fund- Young People	-			-	-	-
Land Sale Net Proceeds	<u>6,760</u>			-	-	<u>6,760</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

7a. Tangible Fixed Assets

Cost	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Office Premises £	Furniture Fittings & Equip- ment £	Total £
At 1 April 2013	56,850,572	-	611,010	407,594	208,805	58,077,981
Additions	1,161,393	-	-	7,052	150,925	1,319,370
Transfers	53,913	-	(53,913)	-	-	-
Disposals	(20,308)	-	-	-	-	(20,308)
At 31 March 2014	58,045,570	-	557,097	414,646	359,730	59,377,043
Housing Association Grant						
At 1 April 2013	38,058,213	-	437,644	-	-	38,495,857
Additions	525,845	-	-	-	-	525,845
Transfers	38,616	-	(38,616)	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2014	38,622,674	-	399,028	-	-	39,021,702
Depreciation						
At 1 April 2013	3,294,509	-	42,351	156,442	155,486	3,648,788
Provided	488,308	-	2,719	13,822	59,973	564,822
Transfer	3,737	-	(3,737)	-	-	-
Disposals	(5,900)	-	-	-	-	(5,900)
At 31 March 2014	3,780,654	-	41,333	170,264	215,459	4,207,710
Net book value						
As at 31 March 2014	15,642,242	-	116,736	244,382	144,271	16,147,631
As at 31 March 2013	15,497,850	-	131,015	251,152	53,319	15,933,336

Development administration costs capitalised amount to £6,046 (2013 - £6,126) for which Housing Association Grants amounting to £6,046 (2013 - £6,126) were received in the year.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

7b. Investments	2014	2013
Levern Property Services Limited	<u>1</u>	<u>1</u>

Barrhead's subsidiary, Levern Property Services Limited commenced trading on 1 April 2012. It was incorporated in Scotland on 24 November 2011. The Association holds all of the issued share capital of £1.

8. Debtors	2014	2013
	£	£
Amounts falling due within one year:		
Gross rents in arrears	106,932	115,133
Less bad debt provision	<u>(70,681)</u>	<u>(70,681)</u>
	36,251	44,452
Prepayments and accrued income	34,405	27,225
Other debtors	<u>69,739</u>	<u>410,133</u>
	<u>140,395</u>	<u>481,810</u>

9. Creditors due within one year		
Loans	549,928	581,092
Trade creditors	231,039	33,762
Other creditors	396,869	476,133
Accruals	151,325	177,355
Other taxes and Social Security	14,699	11,783
Rents in advance	<u>129,564</u>	<u>124,614</u>
	<u>1,473,424</u>	<u>1,404,739</u>

10. Creditors due after more than one year		
Loans	<u>12,414,202</u>	<u>12,922,482</u>

Loans are secured by specific charges on the Association's properties. Loans were repayable at rates of interest of 0.8% to 5.1% (2013 –0.8% to 5.0%) in instalments due as follows:

In one year or less	549,928	581,092
Between two and five years	2,327,471	2,431,020
In five years or more	<u>10,086,731</u>	<u>10,491,462</u>
	<u>12,964,130</u>	<u>13,503,574</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014
(Continued)

11. Employees

	2014	2013
Staff costs during year	£	£
Wages and salaries	541,137	522,681
Social security costs	47,628	44,722
Pension costs	28,862	30,342
Past service pension deficit	51,557	49,337
	669,184	647,082

In future years the past service pension deficit will increase by 3% per annum.

The average full time equivalent number of persons employed by the Association during the year was as follows:

	No	No
Housing staff	16	16

The Directors are defined as the members of the Governing Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Governing Board whose total emoluments exceed £60,000 per year.

	£	£
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	65,697	64,127
Emoluments payable to highest paid director (excluding pension contributions)	60,042	58,637

The emoluments of the directors whose emoluments, excluding pension contributions, were over £60,000 were as follows:

	No	No
£60,001 to £70,000	1	-

The Chief Executive is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £5,655 (2013 - £5,490).

	£	£
Governing Board Expenses	352	925

No member of the Governing Board received any emoluments in respect of their services to the Association.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

11. Employees (contd)

Barrhead participates in the Scottish Housing Association's Pension Scheme, (the 'Scheme'). The Scheme is funded and is contracted-out of the state scheme.

It is not possible in the normal course of events to identify the share of the underlying assets and liabilities to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed at 30 September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £394 million. The valuation showed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 ie 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

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

11. Employees (contd.)

employers. The amount of the debt therefore depends on many factors including the 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.

Barrhead has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Barrhead was £2,372,501 (see Note 15).

The Scottish Housing Associations' Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state Pension scheme. The Scheme offers six benefit structures to employers, namely:

Final Salary with a 1/60th accrual rate.

Career average revalued earnings with a 1/60th accrual rate.

Career average revalued earnings with a 1/70th accrual rate.

Career average revalued earnings with a 1/80th accrual rate.

Career average revalued earnings with a 1/120th accrual rate, contracted in.

Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

From 1 April 2014 Barrhead has elected to operate the career average revalued earnings with a 1/70th accrual for active members as at 31 March 2011 and to continue to operate the career average revalued earnings with a 1/80th accrual rate benefit option for employees who joined between 1 April 2011 and 31 March 2014.

From 1 April 2014 the Defined Contribution (DC) option will be offered to new entrants.

During the accounting period Barrhead paid contributions at the rate of 6.6% to 9.6% of pensionable salaries. Members' contributions varied between 6.6% to 9.6%.

As at the balance sheet date there were 8 active members of the scheme employed by Barrhead. The annual pensionable payroll in respect of these members was £284,275.

At 31 March 2014, there was a pension creditor of £8,812 (2013 – £ 26,761)

Barrhead continues to offer membership of the Scheme to its employees.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

11. Employees (contd.)

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme and financial assumptions underlying the valuation as at 30 September 2012 were as follows:

2012	Valuation assumptions	% pa
-	Investment return pre-retirement	5.3
	Investment return post retirement – Non-pensioners	3.4
	Investment return post retirement – Pensioners	3.4
-	Rate of salary increases	4.1
	Rate of pension increases	
	pension accrued pre 6 April 2005 in excess of GMP	2.0
	pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
-	Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of S1PMA and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.5% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.5% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (payable from 1 April 2014)

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

11. Employees (contd.)

FRC issued a new reporting standard early in 2013: FRS 102 is the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (known as new UK and Irish GAAP). The mandatory effective date for the new framework of reporting is for financial years beginning on or after 1 January 2015. Early adoption is available.

The standard directs that sponsoring employers should disclose the net present value of agreed deficit repayments on their balance sheets i.e. recognising the contingent liability. As a consequence the reader will see the immediate impact on the financial statements.

12. Share Capital

	2014	2013
Shares of £1 fully paid and issued	£	£
At 1 April 2013	128	149
Shares issued during year	4	3
Shares cancelled in year	(43)	(24)
At 31 March 2014	<u>89</u>	<u>128</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a 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 members' meetings.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

13. Notes to the Cash Flow Statement

	2014	2013
	£	£
(a) Reconciliation of surplus to net cash inflow from operating activities		
Surplus for year	955,460	899,807
Net interest payable	447,672	462,436
Operating surplus for the year excluding interest and tax payable	1,403,132	1,362,243
Depreciation	564,822	514,894
Gain on sale of fixed assets	(15,415)	(56,586)
Shares cancelled	(39)	(21)
Decrease in debtors	341,415	45
Increase/(Decrease) in creditors	99,849	(385,123)
	<u>2,393,764</u>	<u>1,435,452</u>
(b) Reconciliation of net cash flow to movement in net debt		
Increase /(Decrease) in cash for the year	642,946	572,838
Loans received	-	(900,000)
Loan repayments	539,444	369,892
Change in net debt	<u>1,182,390</u>	<u>42,730</u>
Net debt as at 31 March 2013	<u>(11,094,724)</u>	<u>(11,137,454)</u>
Net debt as at 31 March 2014	<u>(9,912,334)</u>	<u>(11,094,724)</u>

Analysis of Changes in net debt

	As at 1 April 2013	Cash Flow	Other Changes	As at 31 March 2014
	£	£	£	£
Cash at bank and in hand	2,408,850	642,946	-	3,051,796
Debt due within one year	(581,092)	570,608	(539,444)	(549,928)
Debt due after one year	(12,922,482)	-	539,444	(12,414,202)
	<u>(11,094,724)</u>	<u>1,213,554</u>	<u>-</u>	<u>(9,912,334)</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

14. Capital Commitments

	2014	2013
	£	£
Expenditure authorised by the Governing Board of Management contracted less certified	-	-
Expenditure authorised by the Governing Board of Management not contracted	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

15. Contingent Liabilities

Pensions

Barrhead has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Barrhead was £2,372,501 (see Note 11). The Association has no current plans to withdraw from the scheme.

At 31 March 2014 the Association had no other contingent liabilities (2013 - £nil).

16. Housing Stock

	2014	2013
	£	£
The number of units in Management at 31 March was as follows:		
General Needs - Rehabilitation	300	301
General Needs - New Build	574	564
	<u>874</u>	<u>865</u>
Supported Accommodation	12	12
Shared Ownership	11	12
	<u>897</u>	<u>889</u>

17. Auditors' Remuneration

	2014	2013
	£	£
The remuneration of the auditors (including expenses and Excluding VAT for the year)	4,995	4,850
	<u>4,995</u>	<u>4,850</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

18. Related Parties

Various members of the Governing Board are tenants of the Association. The terms applicable to them are the same as applicable to all of the tenants. Councillor Tommy Reilly served on the Governing Board during the year. He is a councillor with East Renfrewshire Council. Any transactions with East Renfrewshire Council are made at arm's length, on normal commercial terms and Councillor Reilly cannot use his position to his advantage.

Levern Property Services Limited ("Levern") is charged for Barrhead staff costs for staff services provided to Levern as well as a proportion of office overheads. The charge in the year was £6,890. Levern also charges Barrhead for staff services provided. The cost in the year was £16,683. At the year end Barrhead included in debtors, £2,872 due from Levern.