

BARRHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015
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 2015

GOVERNING BOARD

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

Gavin McVicar
Michael Mukhtar
Cllr Tommy Reilly
John Hamilton

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

Registered Society under the Co-operative and
Community Benefit Societies Act 2014
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 2015

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BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2015

The Governing Board present their report and audited financial statements for the year ended 31 March 2015.

Legal Status

Barrhead is registered with the Financial Conduct Authority as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, the Office of the Scottish Charities Regulator (OSCR) as a charity, and the Scottish Housing Regulator as a Registered Social Landlord.

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.

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 2015

Business review

Barrhead made a surplus of £1,080,134 (2014 £955,460) during the year.

The Association has continued in 2014/15 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 and will continue to meet these standards. Our ability to reach 100% will depend on improvements at mixed tenure properties where residents fail to participate in planned upgrades.

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>795,876</u>
Restricted Fund	<u>18,966</u>
Retained in revenue reserve	<u>265,292</u>

Members of the Governing Board

The Members of the Governing Board of the Association during the year to 31 March 2015 were as follows:

Rena McGuire BEM (Chairperson)	Cllr Tommy Reilly
Claire Boyd (Vice Chairperson)	Gavin McVicar
Brian Connelly MBE (Secretary)	Michael Mukhtar
Jack Tait (Resigned 29.05.14)	Laura Hendry
Edward Tweedie (Resigned 26.06.14)	David McCready
Catherine Sturrock (Appointed 30.12.13 and Resigned 26.06.14)	John Hamilton (Appointed 28.08.14)
Liz Winser (appointed 28.08.14 and resigned 26.03.15)	

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 2015

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. We have an annual Board member's development budget and programme for continuous learning and offer a variety of networking opportunities.

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 2015

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 during the year, the Association achieved the Silver status and was also awarded the Investors in Young People Good Practice Award.

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 organisation.

5 Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. We continue to monitor and encourage feedback and complaints, which assist us in monitoring the views and expectations of our tenants to help drive our continuous service improvement.

6 Development Issues

In the year just completed the Association has spent £1,560,505 (2014 - £1,161,393) on its development programme and acquisition of houses, of which £837,416 (2014 – £525,845) 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 £14,402 (2014 - £17,208). 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 2015

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. We now report on the top risks to the Board but senior staff update our risk activities at every senior team meeting.

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 2015

Budgetary Process

Each year the Governing Board approves the annual budget and rolling three-year strategic business plan. Key top 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 £1,371,651 to £3,978,216 (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 2015

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 and Silver status achieved in January 2015 along with an Investors in Young People good practice award. Barrhead is also involved in the Healthy Working Lives accreditation to improve the health and well being of staff. We were re-assessed in 2014 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. During the year we have completed an extensive review of our rent setting policy with a view to commencing a rent harmonisation of all rents from next year. This review will take several years to complete.

Future developments

The Association intends to continue with its policy of improving the quality of housing within its area of operation. At present we have achieved planning permission for the development of 15 affordable new build units at Rankin Court.

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT OF GOVERNING BOARD

31 MARCH 2015

Auditors

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

On behalf of the Governing Board

Name: *Renee Mc Guis*

Date: *27/08/2015*

BARRHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF GOVERNING BOARD RESPONSIBILITIES

31 MARCH 2015

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 enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, 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: Rena Mc Guire

Date: 27/08/2015

BARRHEAD HOUSING ASSOCIATION LIMITED

GOVERNING BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2015

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 2015
(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 2015 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.

The Governing Board instructed consultants during the year to work with us as a 'critical friend', to advise on controls for improving and reshaping our repairs service. This is in place of the traditional approach to internal audit. This process will lead to an internal audit for the repairs function in the year to 31st March 2016.

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 two events that resulted in Notifiable Events being confirmed to the Scottish Housing Regulator.

The first Notifiable Event concerned some irregularities with the recording of petty cash. The ultimate financial loss involved was not material. As a result of this, the external auditors carried out a review of petty cash administration as part of the external audit. No further significant issues were found. Any final recommendations will be taken on board. The second Notifiable Event involves the resignation of a senior officer. A full staff structure review will take place prior to making any decisions about recruitment.

By order of the Governing Board

Name: *Rena Mc Guire*.....

Date: *27/08/2015*.....

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 2015 on pages 15 to 35. 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 87 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.

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 2015 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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



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

07/09/2015

BARRHEAD HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITOR'S TO THE MEMBERS OF BARRHEAD HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial Statements, we have reviewed your statement on pages 10 and 11 concerning the Association's compliance with the information required by the Regulatory standards in respect of internal financial controls contained within the publication 'Our Regulatory Framework' and associated Regulatory Advisory notes which are issued by the Scottish housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial control on pages 10 and 11 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 Financial Statements.

Through enquiry of certain members of the Governing Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Governing Board'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.



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

07/09 | 2015

BARRHEAD HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	4,052,515	3,614,307
Less: Operating Costs	2	(2,541,153)	(2,226,590)
Operating Surplus	2	1,511,362	1,387,717
(Loss) /Gain on disposal of fixed assets		(10,322)	15,415
Gift aid		2,500	-
Interest receivable and other income		24,767	30,163
Interest payable and other charges	4	(448,173)	(477,835)
Surplus on ordinary activities before tax		1,080,134	955,460
Taxation on surplus on ordinary activities	5	-	-
Surplus for year		<u>1,080,134</u>	<u>955,460</u>

The results for the year relate wholly to continuing activities.

BARRHEAD HOUSING ASSOCIATION LIMITED
BALANCE SHEET
AS AT 31 MARCH 2015

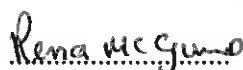
	Notes	£	2015 £	2014 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	7a		55,788,640	54,780,680
Less: HAG	7a		<u>(39,858,528)</u>	<u>(39,021,702)</u>
			15,930,112	15,758,978
Other Assets	7a		<u>496,160</u>	<u>388,653</u>
			16,426,272	16,147,631
Investments	7b		<u>1</u>	<u>1</u>
			16,426,273	16,147,632
Current Assets				
Debtors	8	370,150		140,395
Cash at bank and in hand		<u>3,178,714</u>		<u>3,051,796</u>
			3,548,864	3,192,191
Current Liabilities				
Creditors due within one year	9	<u>(1,589,414)</u>		<u>(1,473,424)</u>
Net Current Assets				
			<u>1,959,450</u>	<u>1,718,767</u>
			18,385,723	17,866,399
Creditors due after one year	10		<u>(11,853,415)</u>	<u>(12,414,202)</u>
Net Assets				
			<u>6,532,308</u>	<u>5,452,197</u>
Capital and Reserves				
Share capital	12		66	89
Designated reserves	6		2,528,300	4,073,697
Revenue Reserve	6		3,978,216	1,371,651
Restricted Funds	6		<u>25,726</u>	<u>6,760</u>
			<u>6,532,308</u>	<u>5,452,197</u>

These financial statements were approved and authorised for issue by the Governing Board on 27/08/2015 and signed on their behalf by:

Secretary:



Governing Board Member:



Governing Board Member:



BARRHEAD HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2015

	Notes	2015	2014
		£	£
Net cash inflow from operating activities	13	1,995,377	2,393,764
Return on investments and servicing of finance			
Interest received		24,767	30,163
Interest payable		(448,173)	(477,835)
		(423,406)	(447,672)
Investing activities			
Cash paid for construction and purchases		(1,560,505)	(1,161,393)
Housing association grant received		837,416	525,845
Housing association grant repaid		-	-
Proceeds of sale of fixed assets		-	29,823
Purchase of other fixed assets		(173,241)	(157,977)
Net cash outflow from investing activities		(896,330)	(763,702)
Net cash inflow before financing	13	675,641	1,182,390
Financing			
Loans received		-	-
Loan principal repayments		(548,723)	(539,444)
Net cash (outflow)/inflow from financing		(548,723)	539,444
Increase in cash		<u>126,918</u>	<u>642,946</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

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 2015

(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 2015

(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 2015

(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 2015****(Continued)****2. Particulars of turnover, operating costs and operating surplus or deficit**

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/(Deficit) 2014 £
Social Lettings	3,671,186	2,294,613	1,376,573	1,375,975
Other activities	381,329	246,540	134,789	11,742
Total	<u>4,052,515</u>	<u>2,541,153</u>	<u>1,511,362</u>	<u>1,387,717</u>
2014	<u>3,614,307</u>	<u>2,226,590</u>	<u>1,387,717</u>	

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

3. Particulars of Income and Expenditure from Lettings

	Housing Accommodation	Supported Housing	Shared Ownership	2015 Total	2014 Total
	£	£	£	£	£
Income from lettings					
Rent receivable net of Identifiable Service Charges	3,558,959	43,668	18,745	3,621,372	3,476,061
Service charges receivable	47,847	-	1,926	49,773	50,756
Gross income from rents and service charges	3,606,806	43,668	20,671	3,671,145	3,526,817
Less: Voids	(14,402)	-	-	(14,402)	(17,208)
Net income from rents and service charges	3,592,404	43,668	20,671	3,656,743	3,509,609
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	14,443	-	-	14,443	-
Total Turnover from Social Letting Activities	3,606,847	43,668	20,671	3,671,186	3,509,609
Management and maintenance administration costs	990,124	9,929	-	1,000,053	942,453
Service costs	47,846	-	1,926	49,772	50,757
Planned and cyclical maintenance including major repair costs	310,240	-	-	310,240	257,015
Reactive maintenance costs	361,621	-	-	361,622	372,340
Bad debts – rents and service charges	21,633	-	-	21,633	7,552
Depreciation of social housing	541,634	-	-	541,634	491,027
Tenant Participation	9,660	-	-	9,660	12,490
Total Expenditure on Lettings	2,282,758	9,929	1,926	2,294,613	2,133,634
Operating Surplus on Letting Activities	1,324,089	33,739	18,745	1,376,573	1,375,975

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2014 - £nil).

The total amount of major repairs expenditure incurred in the year was £95,481 (2014 - £54,147).

Capitalised works to existing properties included in fixed assets additions totalled £338,654 (2014 - £358,431).

BARRHEAD HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015
(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	-	-	-	66,500	66,500	-	109,093	(42,593)	(37,866)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	2,746	(2,746)	(3,304)
Development and construction of property activities	14,078	-	-	-	14,078	-	14,581	(503)	(3,304)
Support activities	-	2,000	1,519	-	3,519	-	14,811	(11,292)	(13,573)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	19,426	19,426	-	19,426	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Big Lottery ERPC	-	91,185	-	-	91,185	-	72,219	18,966	-
Other Income	-	-	-	186,621	186,621	-	13,664	172,957	69,885
Total from other activities	14,078	93,185	1,519	272,547	381,329	-	246,540	134,789	11,742
2014	6,046	-	1,232	97,420	104,698	-	92,956	11,742	

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

4.	Interest payable	2015	2014
		£	£
	Interest paid in period	448,173	477,835
	Less capitalised	<u>-</u>	<u>-</u>
		<u>448,173</u>	<u>477,835</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 1 April 2014 £	Spend In	Transfer In	Transfer Out	At 31 March 2015
Improvements reserve	<u>4,073,697</u>	<u>(310,240)</u>	<u>795,876</u>	<u>(2,031,033)</u>	<u>2,528,300</u>

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

(b) Revenue Reserves

	2015 £
Opening balance at 1 April 2014	1,371,651
Surplus for year	1,080,134
Add/(less) restricted funds	(18,966)
Net Transfer (to) improvement reserves	(485,636)
Transfer from improvement reserve	<u>2,031,033</u>
Closing balance at 31 March 2015	<u>3,978,216</u>

(c) Restricted Funds

	At 1 April 2014	Received During Year	Spent During Year	At 31 March 2015
Big Lottery Fund – PCER	-	91,185	72,219	18,966
Land Sale Net Proceeds	<u>6,760</u>	-	-	<u>6,760</u>
	<u>6,760</u>	-	-	<u>25,726</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(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 & Equipment £	Total £
At 1 April 2014	58,045,570	-	557,097	414,646	359,730	59,377,043
Additions	1,403,516	156,989	-	132,566	40,675	1,733,746
Transfers	107,825	-	(107,825)	-	-	-
Disposals	(16,099)	-	-	-	-	(16,099)
At 31 March 2015	59,540,812	156,989	449,272	547,212	400,405	61,094,690
Housing Association Grant						
At 1 April 2014	38,622,674	-	399,028	-	-	39,021,702
Additions	680,498	156,918	-	-	-	837,416
Transfers	77,231	-	(77,231)	-	-	-
Disposals	(590)	-	-	-	-	(590)
At 31 March 2015	39,379,813	156,918	321,797	-	-	39,858,528
Depreciation						
At 1 April 2014	3,780,654	-	41,333	170,264	215,459	4,207,710
Provided	539,441	-	2,193	17,670	48,064	607,368
Transfer	8,197	-	(8,197)	-	-	-
Disposals	(5,188)	-	-	-	-	(5,188)
At 31 March 2015	4,323,104	-	35,329	187,934	263,523	4,809,890
Net book value						
As at 31 March 2015	15,837,895	71	92,146	359,278	136,882	16,426,272
As at 31 March 2014	15,642,242	-	116,736	244,382	144,271	16,147,631

Development administration costs capitalised amount to £14,078 (2014 - £6,046) for which Housing Association Grants amounting to £14,078 (2014 - £6,046) were received in the year.

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

7b. Investments

	2015	2014
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

	2015	2014
Amounts falling due within one year:	£	£
Gross rents in arrears	110,520	106,932
Less bad debt provision	<u>(81,741)</u>	<u>(70,681)</u>
	28,779	36,251
Prepayments and accrued income	21,708	34,405
Other debtors	<u>319,663</u>	<u>69,739</u>
	<u>370,150</u>	<u>140,395</u>

9. Creditors due within one year

Loans	561,992	549,928
Trade creditors	284,110	231,039
Other creditors	392,165	396,869
Accruals and Deferred Income	217,322	151,325
Other taxes and Social Security	16,042	14,699
Rents in advance	<u>117,783</u>	<u>129,564</u>
	<u>1,589,414</u>	<u>1,473,424</u>

10. Creditors due after more than one year

Loans	<u>11,853,415</u>	<u>12,414,202</u>
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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	561,992	549,928
Between two and five years	2,378,493	2,327,471
In five years or more	<u>9,474,921</u>	<u>10,086,731</u>
	<u>12,415,406</u>	<u>12,964,130</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015
(Continued)

11. Employees

	2015	2014
Staff costs during year	£	£
Wages and salaries	633,207	541,137
Social security costs	56,118	47,628
Pension costs	36,255	28,862
Past service pension deficit	87,770	51,557
	813,350	669,184

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	20	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)	67,163	65,697
Emoluments payable to highest paid director (excluding pension contributions)	61,378	60,042

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	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 £5,785 (2014 - £5,655).

	£	£
Governing Board Expenses	225	352

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 2015

(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 2015

(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 2014. As of this date the estimated employer debt for Barrhead was **£3,115,282** (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 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 was offered to new entrants.

During the accounting period Barrhead paid contributions at the rate of 8.5% to 10.0% of pensionable salaries. Members' contributions varied between 5.0% 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 £341,336.

At 31 March 2015, there was a pension creditor of £13,017 (2014 – £ 8,812)

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

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(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 SIPMA 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 SIPMA (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 2015

(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

	2015	2014
Shares of £1 fully paid and issued	£	£
At 1 April 2013	89	128
Shares issued during year	3	4
Shares cancelled in year	(26)	(43)
At 31 March 2014	<u>66</u>	<u>89</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 2015

(Continued)

13. Notes to the Cash Flow Statement

	2015	2014
	£	£
(a) Reconciliation of surplus to net cash inflow from operating activities		
Surplus for year	1,080,134	955,460
Net interest payable	423,406	447,672
Operating surplus for the year excluding interest and tax payable	1,503,540	1,403,132
Depreciation	607,368	564,822
Gain on sale of fixed assets	-	(15,415)
Loss on disposal of fixed assets	10,322	-
Shares cancelled	(23)	(39)
Decrease in debtors	(229,755)	(341,415)
Increase/(Decrease) in creditors	103,925	(99,849)
	<u>1,995,377</u>	<u>2,393,764</u>
(b) Reconciliation of net cash flow to movement in net debt		
Increase /(Decrease) in cash for the year	126,918	642,946
Loans received	-	-
Loan repayments	548,723	539,444
Change in net debt	<u>675,641</u>	<u>1,182,390</u>
Net debt as at 31 March 2014	<u>(9,912,334)</u>	<u>(11,094,724)</u>
Net debt as at 31 March 2015	<u>(9,236,693)</u>	<u>(9,912,334)</u>

Analysis of Changes in net debt

	As at 1 April 2014	Cash Flow	Other Changes	As at 31 March 2015
	£	£	£	£
Cash at bank and in hand	3,051,796	126,918	-	3,178,714
Debt due within one year	(549,928)	(12,064)	-	(561,992)
Debt due after one year	(12,414,202)	560,787	-	(11,853,415)
	<u>(9,912,334)</u>	<u>675,641</u>	<u>-</u>	<u>(9,236,693)</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

14. Capital Commitments

	2015	2014
	£	£
Expenditure authorised by the Governing Board of Management contracted less certified	1,448,885	-
Expenditure authorised by the Governing Board of Management not contracted	-	-
	<u>1,448,885</u>	<u>-</u>

Expenditure will be funded from Housing Association Grant and Association's cash reserves.

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 2014, (see Note 11). The Association has no current plans to withdraw from the scheme.

At 31 March 2015 the Association had no other contingent liabilities (2014 - £nil).

16. Housing Stock

	2015	2014
	£	£
The number of units in Management at 31 March was as follows:		
General Needs - Rehabilitation	300	300
General Needs - New Build	586	574
	<u>886</u>	<u>874</u>
Supported Accommodation	12	12
Shared Ownership	9	12
	<u>907</u>	<u>897</u>

17. Auditors' Remuneration

	2015	2014
	£	£
The remuneration of the auditors (including expenses and Excluding VAT for the year)	5,040	4,995
	<u>5,040</u>	<u>4,995</u>

BARRHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(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 £19,425. Levern also charges Barrhead for staff services provided. The cost in the year was £15,649. At the year end Barrhead included in debtors, £16,440 due from Levern.