



Alexander Sloan
Accountants and Business Advisers

Blairtummock Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

Registered Housing Association No. HCB216

FCA Reference No. 2354R(S)

Scottish Charity No. SC036997

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

MANAGEMENT COMMITTEE

Margaret Pirrie	Chairperson
Mary Catherine Mulligan	Secretary
Catherine Black	Treasurer
Patricia Aitken	Casual Vacancy
Elizabeth McGill	
Tracey Slaven	
Yvonne Crockett	
John Wilkie	
Andrea McLachlan	
Lisa Hotchkiss	
Gary Wood	Casual Vacancy Appointed 07/12/2017
Thomas Smith	Casual Vacancy Appointed 01/02/2018

EXECUTIVE OFFICERS

Jacqui O'Rourke	Director
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REGISTERED OFFICE

45 Boyndie Street
Glasgow
G34 9JL

EXTERNAL AUDITORS

Alexander Sloan
Accountants & Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Alexander Sloan
Accountants & Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

BANKERS

Clydesdale Bank plc
47 Main Street
Ballieston
Glasgow
G68 6SQ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2018.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2354R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036997.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The year to the 31 March 2018 has been a very busy period for the Association as we continue with our programme of modernising our backcourts, this includes improving bin provision, incorporating bulk storage, seating, play and drying areas.

The Management Committee of Blairtummock Housing Association continues to monitor all areas of the business, retains close control over the financial affairs and has reviewed investments and loans to ensure that the Association receives the best return for its investment in light of the current low interest rates. The Management Committee regularly reviews the medium and long term financial projections to ensure the viability of the organisation.

Staff monitor operating cost and review on a regular basis to ensure we are receiving value for money in all areas. The Management Committee also ensures that the covenants which we agreed with lenders are monitored and complied with.

The collection of rental income and management of void properties is a key focus for Blairtummock Housing Association, we have improved our performance in relation to both during the financial year and perform well when measured against our peers. Collection of rental income continues to be a challenge as a consequence of welfare reform and the role out of universal credit. We have attempted to mitigate the effects by procuring welfare benefit services from Greater Easterhouse Money Advice Project and will continue to monitor and review the impact of these changes on both the Association and tenants.

The Association is committed to investing in our properties and will continue to renew heating systems, kitchens, bathrooms and smoke alarms. The Management Committee will also continue to monitor and review the 30 year plan to ensure that our homes are maintained to a high standard.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Our annual Open Day was a great success with more residents attending than previous years. The purpose of the Open Day is for the Association to provide information in relation to our planned/cyclical works, performance and policy reviews. It also provides an opportunity for residents to comment on our services or just have a chat with staff and Committee members. We use the comments/suggestions given to decide how we will engage with residents throughout the year.

The Management Committee has also complied with all Scottish Housing Regulator, OSCR and FCA requirements.

The members of the Management Committee are of the opinion that the state of the financial affairs of Blairtummock Housing Association are satisfactory. The surplus for the year is £636,785 and our net assets now stand at £9,538,371.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee 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 2014 and the Determination of Accounting Requirements - 2015. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment 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;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee'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 of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of 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 which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £150 (2017 - £550).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Accountants & Business Advisers, will be proposed at the Annual General Meeting.

By order of the Management Committee


MARY CATHERINE MULLIGAN

Secretary

2 August 2018

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes 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 Management Committee, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee'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 within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
2 August 2018



Alexander Sloan
Accountants and Business Advisers

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Blairtummock Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position 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.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 4, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
0 January 1900



Alexander Sloan
Accountants and Business Advisers

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	£	2018 £	£	2017 £
REVENUE	2		3,457,498		3,392,427
Operating Costs	2		(2,668,005)		(2,862,854)
OPERATING SURPLUS			789,493		529,573
(Loss) / Gain On Sale Of Housing Stock	7	(22,189)		8,251	
Release of Negative Goodwill	22	27,228		27,622	
Interest Receivable and Other Income		21,168		28,016	
Interest Payable and Similar Charges	8	(179,915)		(192,962)	
Other Finance Income / (Charges)	11	1,000		(29,055)	
			(152,708)		(158,128)
SURPLUS FOR THE YEAR	9		636,785		371,445
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			636,785		371,445

The notes on pages 13 to 27 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		23,731,348		24,447,519
Other Non-current Assets	12 (b)		1,100,146		1,108,744
			<u>24,831,494</u>		<u>25,556,263</u>
Negative Goodwill	22		(1,284,660)		(1,311,888)
RECEIVABLES: Amounts falling due after more than one year	14		-		7,500
CURRENT ASSETS					
Receivables	15	124,927		164,089	
Investments	25	4,023,557		3,752,959	
Cash at bank and in hand		245,986		85,859	
		<u>4,394,470</u>		<u>4,002,907</u>	
CREDITORS: Amounts falling due within one year	16	(681,825)		(644,535)	
NET CURRENT ASSETS			<u>3,712,645</u>		<u>3,358,372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>27,259,479</u>		<u>27,610,247</u>
CREDITORS: Amounts falling due after more than one year	17		(4,979,037)		(5,329,961)
Social Housing Grants	18	(12,742,071)		(13,378,697)	
			<u>(12,742,071)</u>		<u>(13,378,697)</u>
NET ASSETS			<u>9,538,371</u>		<u>8,901,589</u>
EQUITY					
Share Capital	19		111		114
Revenue Reserves			9,538,260		8,901,475
			<u>9,538,371</u>		<u>8,901,589</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 2 August 2018.

Chairperson



Treasurer




The notes on pages 13 to 27 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	17	834,915	521,627
Investing Activities			
Acquisition/Construction of Properties and Components	(98,337)	(359,353)	
Purchase of Other Fixed Assets	(33,138)	(9,726)	
Social Housing Grant Received	41,484	4,832	
Social Housing Grant Repaid	-	(368,900)	
Changes on short term deposits with banks	(270,598)	(227,402)	
Proceeds on Disposal of Properties	97,552	515,362	
Net cash outflow from investing activities		(263,037)	(445,187)
Financing Activities			
Interest Received on Cash and Cash Equivalents	21,168	27,822	
Interest Paid on Loans	(179,915)	(192,962)	
Loan Principal Repayments	(253,007)	(293,845)	
Share Capital Issued	3	-	
Net cash outflow from financing activities		(411,751)	(458,985)
Increase / (decrease) in cash		160,127	(382,545)
Opening Cash & Cash Equivalents		85,859	468,404
Closing Cash & Cash Equivalents		245,986	85,859
Cash and Cash equivalents as at 31 March			
Cash and Bank		245,986	85,859
		245,986	85,859

The notes on pages 13 to 27 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2016	120	8,530,030	8,530,150
Issue of Shares	1	-	1
Cancellation of Shares	(7)	-	(7)
Surplus for the year	-	371,445	371,445
Balance as at 31 March 2017	<u>114</u>	<u>8,901,475</u>	<u>8,901,589</u>
Balance as at 1 April 2017	114	8,901,475	8,901,589
Issue of Shares	3	-	3
Cancellation of Shares	(6)	-	(6)
Surplus for the year	-	636,785	636,785
Balance as at 31 March 2018	<u>111</u>	<u>9,538,260</u>	<u>9,538,371</u>

The notes on pages 13 to 27 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Blairtummock Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. This is a defined benefit scheme and payments to this scheme are made in accordance with periodic calculations by consulting Actuaries.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Roof - tiles/flashings	50 years
External fabric/brickwork	50 years
Windows	30 years
Kitchens	15 years
Bathrooms	25 years
Boilers	15 years
Radiators/pipework	30 years
Electrics	30 years
Structures	50 years

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Office Premises	2.00%
Furniture and Fittings	10.00%
Computer Equipment	33.00%
Office Equipment	20.00%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feels this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	3,212,455	2,469,143	743,312	3,144,208	2,099,814	1,044,394
Other Activities	4	245,043	198,862	46,181	248,219	763,040	(514,821)
Total		3,457,498	2,668,005	789,493	3,392,427	2,862,854	529,573

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from Lettings					
Rent receivable net of service charges	2,451,618	40,644	41,837	2,534,099	2,489,961
Service charges receivable	89,502	538	844	90,884	89,471
Gross income from rent and service charges	2,541,120	41,182	42,681	2,624,983	2,579,432
Less: Rent losses from voids	7,849	-	-	7,849	5,319
Net Rents Receivable	2,533,271	41,182	42,681	2,617,134	2,574,113
Grants released from deferred income	595,321	-	-	595,321	569,296
Other revenue grants	-	-	-	-	799
Total turnover from affordable letting activities	3,128,592	41,182	42,681	3,212,455	3,144,208
Expenditure on affordable letting activities					
Management and maintenance administration costs	812,756	-	-	812,756	697,198
Service Costs	133,269	-	-	133,289	121,516
Planned and cyclical maintenance, including major repairs	586,260	-	-	586,260	322,834
Reactive maintenance costs	225,341	-	-	225,341	250,268
Bad Debts - rents and service charges	16,729	-	-	16,729	(467)
Depreciation of affordable let properties	670,259	5,741	18,768	694,768	708,465
Operating costs of affordable letting activities	2,444,634	5,741	18,768	2,469,143	2,099,814
Operating surplus on affordable letting activities	683,958	35,441	23,913	743,312	1,044,394
2017	959,740	39,847	44,807		

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£	£
Wider role activities	142,000	19,786	-	161,786	154,500	7,286	(36,128)
Factoring	-	-	14,210	14,210	11,288	2,922	(4,791)
Other income/service - other owners/creche	-	-	14,640	14,640	1,010	13,630	33,967
Development and construction of properties activities	-	-	-	-	-	-	(498,750)
Development administration	-	-	1,367	1,367	-	1,367	-
Other activities	-	29,002	24,038	53,040	32,064	20,976	(9,119)
Total From Other Activities	142,000	48,788	54,255	245,043	198,862	46,181	(514,821)
2017	158,332	10,434	79,453	248,219	763,040	(514,821)	

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 to £70,000

	2018	2017
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	62,915	-
Pension contributions made on behalf on Officers with emoluments greater than £60,000	6,725	-
Emoluments payable to Chief Executive (excluding pension contributions)	62,915	59,025
Total Emoluments paid to key management personnel	208,319	224,414

	Number	Number
£60,001 to £70,000	1	-

6. EMPLOYEE INFORMATION

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2018	2017
	No.	No.
The average total number of Employees employed during the year was	14	13
Staff Costs were:	£	£
Wages and Salaries	458,989	436,673
Social Security Costs	44,233	41,767
Other Pension Costs	49,140	45,053
Temporary, Agency and Seconded Staff	2,325	13,013
	554,687	536,506

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. (LOSS) / GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	97,552	515,362
Cost of Sales	119,741	507,111
(Loss) / Gain On Sale Of Housing Stock	<u>(22,189)</u>	<u>8,251</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	179,915	192,962
	<u>179,915</u>	<u>192,962</u>

9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	727,739	743,637
Auditors' Remuneration - Audit Services	8,910	8,254
Auditors' Remuneration - Other Services	2,785	3,395
Loss on sale of fixed assets	<u>22,189</u>	<u>8,087</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>(1,000)</u>	<u>29,055</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
COST			
As at 1 April 2017	33,581,466	954,059	34,535,525
Additions	98,337	-	98,337
Disposals	<u>(209,393)</u>	<u>(15,660)</u>	<u>(225,053)</u>
As at 31 March 2018	<u>33,470,410</u>	<u>938,399</u>	<u>34,408,809</u>
DEPRECIATION			
As at 1 April 2017	9,829,496	258,510	10,088,006
Charge for Year	667,235	18,768	686,003
Disposals	<u>(91,537)</u>	<u>(5,011)</u>	<u>(96,548)</u>
As at 31 March 2018	<u>10,405,194</u>	<u>272,267</u>	<u>10,677,461</u>
NET BOOK VALUE			
As at 31 March 2018	<u>23,065,216</u>	<u>666,132</u>	<u>23,731,348</u>
As at 31 March 2017	<u>23,751,970</u>	<u>695,549</u>	<u>24,447,519</u>

Additions to housing properties include capitalised development administration costs of £Nil (2017 - £Nil) and capitalised major repair costs to existing properties of £98,337 (2017 - £359,353).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £909,938 (2017 - £1,038,864). The amount capitalised is £98,337 (2017 - £359,353) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £98,337 (2017 - £359,353) and improvement of £Nil (2017 - £Nil).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £18,321,380 (2017 - £18,841,086).

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1 April 2017	1,448,002	119,784	1,567,786
Additions	28,769	4,369	33,138
Eliminated on Disposals	-	(4,735)	(4,735)
As at 31 March 2018	<u>1,476,771</u>	<u>119,418</u>	<u>1,596,189</u>
AGGREGATE DEPRECIATION			
As at 1 April 2017	361,729	97,313	459,042
Charge for year	31,031	10,705	41,736
Eliminated on Disposals	-	(4,735)	(4,735)
As at 31 March 2018	<u>392,760</u>	<u>103,283</u>	<u>496,043</u>
NET BOOK VALUE			
As at 31 March 2018	<u>1,084,011</u>	<u>16,135</u>	<u>1,100,146</u>
As at 31 March 2017	<u>1,086,273</u>	<u>22,471</u>	<u>1,108,744</u>

13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>461,686</u>	<u>182,652</u>

The above commitments will be financed from the Association's own resources.

14. RECEIVABLES AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Loan to subsidiary	<u>-</u>	<u>7,500</u>

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	101,048	116,360
Less: Provision for Doubtful Debts	(70,972)	(53,978)
Other Receivables	<u>30,076</u>	<u>62,382</u>
	<u>94,851</u>	<u>101,707</u>
	<u>124,927</u>	<u>164,089</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	251,306	245,936
Trade Payables	59,749	66,240
Rent Received in Advance	55,517	57,600
Social Housing Grant due to be repaid	27,809	-
Other Taxation and Social Security	11,652	11,372
Amounts Due to Group Undertakings	69,552	16,467
Other Payables	67,675	135,162
Liability for Past Service Contributions	92,548	89,853
Accruals and Deferred Income	46,017	21,905
	<u>681,825</u>	<u>644,535</u>

At the balance sheet date there were pension contributions outstanding of £14,216 (2017 - £12,573).

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Liability for Past Service Contributions	274,196	366,744
Housing Loans	4,704,841	4,963,217
	<u>4,979,037</u>	<u>5,329,961</u>
Housing Loans		
Amounts due within one year	251,306	245,936
Amounts due in one year or more but less than two years	259,460	253,479
Amounts due in two years or more but less than five years	828,670	809,749
Amounts due in more than five years	3,616,710	3,899,989
	<u>4,956,147</u>	<u>5,209,153</u>
Less: Amount shown in Current Liabilities	251,306	245,936
	<u>4,704,841</u>	<u>4,963,217</u>
Liability for Past Service Contributions		
Amounts due within one year	92,548	89,853
Amounts due in one year or more but less than two years	95,325	92,548
Amounts due in two years or more but less than five years	178,871	274,196
Amounts due in more than five years	-	-
	<u>366,744</u>	<u>456,597</u>
Less: Amount shown in Current Liabilities	92,548	89,853
	<u>274,196</u>	<u>366,744</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Nationwide	Standard security over 184 properties	Libor + 0.45%	2035	Variable
Nationwide	Standard security over 184 - same as above	Libor + 0.45%	2036	Variable
Nationwide	Standard security over 184 - same as above	Libor + 0.45%	2036	Variable
Nationwide	Standard security over 64 properties	3.0%	2032	Fixed
Clydesdale	Standard security over 82 properties	6.3%	2029	Fixed
Clydesdale	Standard security over office and commun	6.0%	2029	Fixed
Clydesdale	Standard security over office and commun	5.8%	2029	Fixed
Clydesdale	Standard security over 170 properties	5.4%	2040	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018	2017
	£	£
Operating Surplus	789,493	529,573
Depreciation	736,503	751,573
Amortisation of Capital Grants	(650,301)	(569,296)
Change in debtors	39,162	(6,189)
Change in creditors	(88,436)	(155,136)
Gain on sale of fixed assets	-	164
Unwinding of Discount on Pension Liability	1,000	(29,055)
Change in loan to subsidiary	7,500	-
Share Capital Written Off	(6)	(7)
Net cash inflow from operating activities	<u>834,915</u>	<u>521,627</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
Social Housing Grants			
As at 1 April 2017	12,872,140	506,557	13,378,697
Additions in the year	13,675	-	13,675
Eliminated on disposal of components and property	(60,658)	(21,784)	(82,442)
Amortisation in year	<u>(553,601)</u>	<u>(14,258)</u>	<u>(567,859)</u>
Net book value			
As at 31 March 2018	<u>12,271,556</u>	<u>470,515</u>	<u>12,742,071</u>
As at 31 March 2017	<u>12,872,140</u>	<u>506,557</u>	<u>13,378,697</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2018	2017
	£	£
Amounts due within one year	567,859	580,816
Amounts due in one year or more	12,174,212	12,797,881
	<u>12,742,071</u>	<u>13,378,697</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	114	120
Issued in year	3	1
Cancelled in year	(6)	(7)
At 31 March 2018	<u>111</u>	<u>114</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - Built by Association	605	608
General Needs - Purchased by Association	107	109
Shared Ownership	22	23
	<u>734</u>	<u>740</u>

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Management Committee cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Management Committee and their close family members	<u>41,209</u>	<u>38,120</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £2,034 (2017 - £886).

Members of the Management Committee who are tenants	9	9
Members of the Management Committee who are owner occupiers	1	2

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. NEGATIVE GOODWILL

	2018	2017
	£	£
As at 1 April 2017	1,311,888	1,339,510
Release during the year	(27,228)	(27,622)
As at 31 March 2018	<u>1,284,660</u>	<u>1,311,888</u>

23. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 45 Boyndie Street, Glasgow, G34 9JL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Blairtummock and Rogerfield, Easterhouse.

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £2,270 (2017 - £815) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 INVESTMENTS

Subsidiary

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary named Blairtummock & Rogerfield Opportunities. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

During the year the Association recharged rates and insurance to the subsidiary totalling £nil (2017: £2,731). The Association looks after deposits and makes payments on behalf of the subsidiary. As a result, at the statement of financial position date, the Association owed £17,100 (2017: £16,467) to the subsidiary. During 2015/16, the Association provided the subsidiary with an interest free loan of £15,000 and by 16/17 the loan had reduced to £7,500. The balance outstanding at 31 March 2018 is £nil, in line with the loan agreement. The Association also provides the charity with the use of the community hall free of charge. At the year end the Association owes the charity £69,553 (2017: 16,467)

The aggregate amount of capital and reserves and the results of Blairtummock & Rogerfield Opportunities for the year ended 31 March 2018 were as follows:

	2018	2017
	£	£
Capital & Reserves	<u>107,117</u>	<u>35,921</u>
Surplus for the year	<u>71,196</u>	<u>24,926</u>

Other Investments- Short Term Deposits

	2018	2017
	£	£
Short term deposits	<u>4,023,557</u>	<u>3,752,959</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

General

Blairtummock Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit 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 underlying assets and liabilities belonging to individual participating employers 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 FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £366,744 (2017 - £456,597). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £73,115 (2017- £79,845) to the pension scheme during the year.