

Blairtummock Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HCB216

FSA Reference No. 2354R (S)

Scottish Charity No. SC036997

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2012**

MANAGEMENT COMMITTEE

Mary Catherine Mulligan

Catherine Black

Margaret Pirrie

John Wilkie

Pat Aitken

Helen Casey

Maureen Loughran

Betty McGill

William Ross

Jerry Harabuda

Cllr C. McMaster

Cllr G. Thoms

Chairperson

Vice Chairperson

Secretary

Treasurer

Resigned 16 December 2011

EXECUTIVE OFFICERS

Susan Crookston

Jacqui O'Rourke

Director

Deputy Director

REGISTERED OFFICE

45 Boyndie Street

Glasgow

G34 9JQ

AUDITORS

Alexander Sloan

Chartered Accountants

38 Cadogan Street

Glasgow

G2 7HF

BANKERS

Clydesdale Bank Plc

47 Main Street

Baillieston

Glasgow

G69 6SQ

SOLICITORS

T.C. Young

7 West George Street

Glasgow

G2 1BA

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2012.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2354R (S). The Association is constituted 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 members of the Management Committee are of the opinion that the state of affairs of the Association is satisfactory. All of the GHA stock transfers are now complete and the investment programme is now being progressed.

We are planning to invest over £3 million over 5 years. The significant investment needs of the Rogerfield properties is reflected in the dowry of £2,475,030 transferred with the properties last year.

In addition to this investment we are planning to demolish 120 low demand properties over the next 9 years.

We have no plans at present for further development of properties.

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.

Subsidiaries

The Association has a subsidiary, Blairtummock Community Hall, a company limited by guarantee. Details of the subsidiary are provided in the notes to the financial statements.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 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 judgments 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 Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. 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.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012

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.

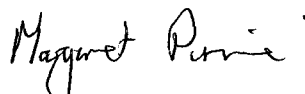
It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- 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;
- regular 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
- 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.

Auditors

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

By order of the Management Committee



MARGARET PIRRIE

Secretary

16 August 2012

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE 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 4 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

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 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
16 August 2012

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

We have audited the financial statements of Blairtummock Housing Association Limited for the year ended 31st March 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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 Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements

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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- 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.

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

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
16 August 2012

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TURNOVER	2.		2,656,898		2,109,660
Operating Costs	2.		(2,394,996)		(1,523,389)
OPERATING SURPLUS	9.		261,902		586,271
Gain On Sale Of Housing Stock	7.	26,102		-	
Release of Negative Goodwill	21.	2,516,928		15,420	
Interest Receivable and Other Income		36,772		12,524	
Interest Payable and Similar Charges	8.	(241,640)		(216,353)	
			2,338,162		(188,409)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			2,600,064		397,862

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	2,600,064	397,862
Prior year adjustment (as explained in Note 24)	(128,642)	-
Total gains recognised since last annual report	<u>2,471,422</u>	<u>397,862</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	Restated 2011 £
TANGIBLE FIXED ASSETS				
Housing Properties - Depreciated Cost	11.(a)		31,268,287	30,872,362
Less: Social Housing Grant	11.(a)		(23,421,057)	(23,475,481)
: Other Public Grants	11.(a)		(107,200)	(107,200)
			<hr/>	<hr/>
			7,740,030	7,289,681
Other fixed assets	11.(b)		918,962	943,432
			<hr/>	<hr/>
			8,658,992	8,233,113
Negative Goodwill	21.		(1,450,393)	(902,185)
			<hr/>	<hr/>
CURRENT ASSETS				
Debtors	12.	215,359	143,829	
Investments	22.	3,261,632	755,803	
Cash at bank and in hand		977,681	943,438	
		<hr/>	<hr/>	
		4,454,672	1,843,070	
CREDITORS: Amounts falling due within one year				
	13.	(484,964)	(389,513)	
		<hr/>	<hr/>	
NET CURRENT ASSETS			3,969,708	1,453,557
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,178,307	8,784,485
			<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year				
	14.	(6,195,805)	(6,402,042)	
		<hr/>	<hr/>	
NET ASSETS			4,982,502	2,382,443
			<hr/>	<hr/>
CAPITAL AND RESERVES				
Share Capital	16.		132	137
Designated Reserves	17.(a)		1,016,547	1,018,121
Revenue Reserves	17.(b)		3,965,823	1,364,185
			<hr/>	<hr/>
			4,982,502	2,382,443
			<hr/>	<hr/>

The Financial Statements were approved by the Management Committee and signed on their behalf on 16 August 2012.

Mary Catherine Mulligan
Chairperson

John Wilkie
Treasurer

Margaret Pirrie
Secretary

Mary Catherine Mulligan

John Wilkie

Margaret Pirrie

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED
**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012**

	Notes	2012 £	Restated 2011 £
Net Cash Inflow from Operating Activities	15.	1,154,472	847,392
Returns on Investment and Servicing of Finance			
Interest Received	28,463	12,466	
Interest Paid	(241,640)	(216,353)	
Net Cash Outflow from Investment and Servicing of Finance		(213,177)	(203,887)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(685,571)	(2,962,720)	
Purchase of Other Fixed Assets	(6,968)	(21,927)	
Social Housing Grant Received	-	15,338	
Negative Goodwill on Acquisition	-	917,605	
Other Grants Received	14,729	(14,729)	
Proceeds on Disposal of Properties	41,782	-	
Net Cash Outflow from Capital Expenditure and Financial Investment		(636,028)	(2,066,433)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing		305,267	(1,422,928)
Acquisitions and Disposals			
Consideration received on acquisition:Glasgow Housing Association		2,434,503	-
Management of Liquid Resources			
Change in short term deposits with banks		(2,505,829)	296,970
Financing			
Loan Advances Received	-	1,922,000	
Loan Principal Repayments	(199,699)	(189,743)	
Share Capital Issued	1	9	
Net Cash (Outflow) / Inflow from Financing		(199,698)	1,732,266
Increase in Cash	15.	34,243	606,308

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

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 2010, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The Association has obtained exemption from the Financial Services 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 its Group.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the 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.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and 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 11. 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.

<i>Component</i>	<i>Useful Economic Life</i>
Roof- tiles/flashings	40 years
External fabric/brickwork	40 years
Windows	30 years
Kitchens	15 years
Bathrooms	25 years
Boilers	15 years
Radiators/pipework	20 years
Electrics	20 years
Internal doors/frames	20 years
Structure	50 years

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed 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:-

Community Hall	2%
Furniture and Fittings	10%
Computer Equipment	33%
Office Equipment	20%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account 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 fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Service Charge Sinking Funds

The Association deposits part of its service charge income in a sinking fund bank account in order to meet future obligations.

Negative Goodwill

Negative goodwill created through transfer of engagements is written off to the Income and Expenditure account as the non-cash assets acquired are depreciated or sold.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2012			2011		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,451,922	2,138,770	313,152	1,668,432	957,762	710,670
Other Activities	4.	204,976	256,226	(51,250)	441,228	565,627	(124,399)
Total		2,656,898	2,394,996	261,902	2,109,660	1,523,389	586,271

Turnover and operating costs from Social Lettings includes income and expenditure relating to operations acquired in the year:

	Turnover £	Operating Costs £	Operating Surplus £
Acquisition	633,408	1,061,818	(428,410)

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2012 Total £	Restated 2011 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,294,697	32,256	38,529	2,365,482	1,586,520
Service Charges Receivable	111,729	7,547	-	119,276	79,981
Gross Rents Receivable	2,406,426	39,803	38,529	2,484,758	1,666,501
Less: Rent losses from voids	38,534	-	-	38,534	7,378
Net Rents Receivable	2,367,892	39,803	38,529	2,446,224	1,659,123
Revenue Grants From Local Authorities and Other Agencies	5,698	-	-	5,698	9,309
Total Income From Social Letting	2,373,590	39,803	38,529	2,451,922	1,668,432
Expenditure on Social Letting Activities					
Service Costs	130,875	13,208	166	144,249	82,579
Management and maintenance administration costs	580,721	8,961	-	589,682	391,277
Reactive Maintenance	320,164	-	-	320,164	192,718
Bad Debts - Rents and Service Charges	33,364	-	-	33,364	20,379
Planned and Cyclical Maintenance, including Major Repairs	215,722	-	-	215,722	95,799
Depreciation of Social Housing	187,041	-	4,384	191,425	175,010
Impairment of Housing	644,164	-	-	644,164	-
Operating Costs of Social Letting	2,112,051	22,169	4,550	2,138,770	957,762
Operating Surplus on Social Letting Activities	261,539	17,634	33,979	313,152	710,670
2011 (as restated)	637,033	40,179	33,458		

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. 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 £	Operating Costs Other £	Operating Surplus / (Deficit) 2012 £	Operating Surplus / (Deficit) 2011 £
Wider Role Activities	104,400	1,180	-	-	105,580	-	151,609	(46,029)	(48,285)
Factoring	-	-	-	9,121	9,121	-	9,312	(191)	(422)
Agency / Management services for other RSLs	-	-	-	29,577	29,577	-	53,894	(24,317)	(60,671)
Creche	-	-	-	12,350	12,350	-	3,012	9,338	9,299
Other Income	-	-	-	1,738	1,738	-	-	1,738	907
Second Stage Transfer	46,610	-	-	-	46,610	-	38,399	8,211	(25,227)
Total From Other Activities	151,010	1,180	-	52,786	204,976	-	256,226	(51,250)	(124,399)
 2011	 276,369	 1,817	 -	 163,042	 441,228	 -	 565,627	 (124,399)	

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2012	2011
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>37,172</u>	<u>55,313</u>
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6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>15</u>	<u>16</u>

Staff Costs were:

	£	£
Wages and Salaries	436,535	449,776
Social Security Costs	35,515	34,300
Other Pension Costs	77,540	62,709
Temporary, Agency and Seconded Staff	2,561	988
	<u>552,151</u>	<u>547,773</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	41,782	-
Cost of Sales	15,680	-
Gain On Sale Of Housing Stock	<u>26,102</u>	<u>-</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>241,640</u>	<u>216,353</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2011 £nil).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	867,027	206,632
Auditors' Remuneration - Audit Services	7,343	6,863
- Other Services	3,028	836
Gain on sale of fixed assets	<u>-</u>	<u>92</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.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1st April 2011- restated	31,228,765	1,032,963	32,261,728
Additions	1,301,618	-	1,301,618
Disposals	(83,219)	-	(83,219)
As at 31st March 2012	32,447,164	1,032,963	33,480,127
DEPRECIATION			
As at 1st April 2011- restated	1,347,771	41,595	1,389,366
Charge for Year	831,205	4,384	835,589
Disposals	(13,115)	-	(13,115)
As at 31st March 2012	2,165,861	45,979	2,211,840
SOCIAL HOUSING GRANT			
As at 1st April 2011- restated	22,713,137	762,344	23,475,481
Additions	-	-	-
Disposals	(54,424)	-	(54,424)
As at 31st March 2012	22,658,713	762,344	23,421,057
OTHER CAPITAL GRANTS			
As at 1st April 2011- restated	107,200	-	107,200
Additions	-	-	-
Disposals	-	-	-
As at 31st March 2012	107,200	-	107,200
NET BOOK VALUE			
As at 31st March 2012	7,515,390	224,640	7,740,030
As at 31st March 2011	7,060,657	229,024	7,289,681

Additions to housing properties includes capitalised development administration costs of £nil (2011 - £nil) and capitalised major repair costs to existing properties of £719,723 (2011 - £65,040)

All land and housing properties are freehold.

Impairment Charges

An impairment review was carried out on housing land and buildings during the year. As a result of this the following impairment charges have been recognised and are included within depreciation charges.

	Housing Properties Held for Letting £	Completed Shared Ownership £	Total £
Impairment Charge	644,164	-	-

This impairment charge has resulted in reduction of surplus and the net book value of housing properties by the amount of the charge

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012****NOTES TO THE FINANCIAL STATEMENTS (Continued)****11. TANGIBLE FIXED ASSETS (Continued)****b) Other Tangible Assets**

	Community Facility £	Furniture & Equipment £	Total £
COST			
As at 1st April 2011	1,448,001	104,590	1,552,591
Additions	-	6,968	6,968
Eliminated on Disposals	-	-	-
As at 31st March 2012	1,448,001	111,558	1,559,559
GRANTS RECEIVED			
As at 1st April 2011	410,315	-	410,315
Received in year	-	-	-
Repaid on Disposal	-	-	-
As at 31st March 2012	410,315	-	410,315
AGGREGATE DEPRECIATION			
As at 1st April 2011	124,156	74,688	198,844
Charge for year	20,754	10,684	31,438
Eliminated on disposal	-	-	-
As at 31st March 2012	144,910	85,372	230,282
NET BOOK VALUE			
As at 31st March 2012	892,776	26,186	918,962
As at 31st March 2011	913,530	29,902	943,432

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. DEBTORS

	2012 £	2011 £
Arrears of Rent & Service Charges	163,470	93,386
Less: Provision for Doubtful Debts	(62,402)	(28,162)
	<u>101,068</u>	<u>65,224</u>
Other Debtors	114,291	78,605
	<u>215,359</u>	<u>143,829</u>

13. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Housing Loans	209,551	203,014
Trade Creditors	150,224	78,484
Rent in Advance	60,552	39,462
Other Taxation and Social Security	10,665	11,621
Amounts Due to Group Undertakings	12,083	9,220
Other Creditors	10,183	5,565
Accruals and Deferred Income	31,706	42,147
	<u>484,964</u>	<u>389,513</u>

At the balance sheet date there were pension contributions outstanding of £9,281 (2011 £7,841)

14. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Housing Loans	<u>6,195,805</u>	<u>6,402,042</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	209,551	203,014
Between one and two years	216,036	209,504
Between two and five years	689,986	669,674
In five years or more	5,289,783	5,522,864
	<u>6,405,357</u>	<u>6,605,056</u>
Less: Amount shown in Current Liabilities	209,551	203,014
	<u>6,195,806</u>	<u>6,402,042</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2012 £	2011 £
Operating Surplus	261,902	586,271
Depreciation	867,027	206,632
Change in Debtors	(29,213)	(9,380)
Change in Creditors	54,762	63,777
Gain on sale of fixed assets	-	92
Share Capital Written Off	(6)	-
Net Cash Inflow from Operating Activities	<u>1,154,472</u>	<u>847,392</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
Increase in Cash	34,243		606,308	
Cash flow from management of liquid resources	2,505,829		(296,970)	
Cash flow from change in debt	199,700		(1,732,257)	
		2,739,772		(1,422,919)
Movement in net debt during year		(4,905,815)		(3,482,896)
Net debt at 1st April 2011				(4,905,815)
Net debt at 31st March 2012		<u>(2,166,043)</u>		<u>(4,905,815)</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	943,438	34,243		977,681
Liquid Resources	755,803	(2,505,829)		3,261,632
Debt: Due within one year	(203,014)	201,899	(208,436)	(209,551)
Due after more than one year	(6,402,042)	(2,199)	208,436	(6,195,805)
Net Debt	<u>(4,905,815)</u>	<u>(2,271,886)</u>	<u>-</u>	<u>(2,166,043)</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	137
Issued in year	1
Cancelled in year	(6)
At 31st March 2012	<u>132</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.

17. RESERVES

(a) Designated Reserves	Road Adoption £	Furniture Sinking £	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2011	82,510	44,595	108,304	782,712	1,018,121
Transfer to / (from) 'Revenue Reserves	-	(1,574)	-	-	(1,574)
At 31st March 2012	<u>82,510</u>	<u>43,021</u>	<u>108,304</u>	<u>782,712</u>	<u>1,016,547</u>

(b) Revenue Reserves	Total £
At 1st April 2011 as previously stated	1,492,827
Prior year adjustment	(128,642)
At 1st April 2011 (as restated)	<u>1,364,185</u>
Surplus for the year	2,600,064
Transfer (to) / from Designated Reserves	1,574
At 31st March 2012	<u>3,965,823</u>

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012 No.	2011 No.
General Needs - New Build	736	468
- Rehabilitation	109	109
Shared Ownership	25	25
	<u>870</u>	<u>602</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**NOTES TO THE FINANCIAL STATEMENTS (Continued)****19. RELATED PARTY TRANSACTIONS**

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

- 4 members are tenants of the Association
- 1 member is a factored owner
- 3 members are sharing owners
- 2 members are relevant local councillors

Those members that 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.

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

20. SUBSIDIARY UNDERTAKING

The Association has a subsidiary Blairtummock Community Hall, a Company limited by guarantee.

At 31 March 2012, Blairtummock Community Hall was owed £12,083 (2011: £9,220) by Blairtummock Housing Association Ltd.

The aggregate amount of capital and reserves and the results of Blairtummock Community Hall for the year ended 31st March 2012 were as follows:

	2012 £	2011 £
Capital & Reserves	<u>14,365</u>	<u>10,883</u>
Profit for the year	<u>2,630</u>	<u>2,432</u>

21. NEGATIVE GOODWILL

	2012 £	2011 £
Balance as at 1st April 2011	902,185	-
Arising on acquisition during the year (Note 23)	3,065,136	917,605
Released during the year	<u>(2,516,928)</u>	<u>(15,420)</u>
As at 31st March 2012	<u>1,450,393</u>	<u>902,185</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. CURRENT ASSET INVESTMENTS

	2012	2011
	£	£
Short Term Deposits	<u>3,261,632</u>	<u>755,803</u>

23. SECOND STAGE TRANSFER

On 27 June 2011 the Association acquired housing assets and the related rent arrears from Glasgow Housing Association Limited as part of a Second Stage Transfer. The Association acquired 275 housing units that were previously managed by the Association. The identifiable assets and liabilities have been incorporated in the balance sheet of the Association at their fair value on acquisition.

Analysis of Acquisition

	Book Value	Adjustment to Fair Value	Fair Value
	£	£	£
Housing Properties	- a)	581,895	581,895
Rent Arrears	57,726 b) c)	(16,943)	40,783
FLS Furniture	8,350 d)	(395)	7,955
	<u>66,076</u>	<u>564,557</u>	<u>630,633</u>

Consideration received from GHA - at fair value (2,434,503)

Negative Goodwill Arising on Acquisition 3,065,136

Adjustments

- Housing Property has been recognised at its fair value, being its value using the EUV-SH basis at acquisition. The valuation was carried out by DTZ.
- The rent arrears acquired have been re-assessed and fair value adjustments made where appropriate
- The Bad Debt Provision is based on the GHA calculations at the point of transfer.
- The FLS Furniture amounts acquired have been re-assessed and fair value adjustments made where appropriate

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. PRIOR YEAR ADJUSTMENT

The new Statement of Recommended Practice for Registered Social Landlords has come into force this year. As a result the Association is required to now change the presentation of negative reserves and implement component accounting.

Under the new SORP the Association is required to present Negative Reserves below Fixed Assets in the Balance Sheet as opposed to being disclosed within Reserves. This change has no effect on the surplus of the Association but has decreased Net Assets at 31 March 2011 by £902,185.

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies, as follows:

The effect of adopting component accounting has been to decrease reserves as at 1 April 2010 by £134,859

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £	Change £
Housing Property	7,418,323	7,289,681	(128,642)
Revenue Reserves	<u>1,492,827</u>	<u>1,364,185</u>	<u>(128,642)</u>
Housing Depreciation Charge	136,123	175,010	38,887
Major Repairs Charge	<u>131,594</u>	<u>86,490</u>	<u>(45,104)</u>

The reported surplus in 2011 has been increased by £6,217 and now stands at £397,862

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Blairtummock Housing Association Limited participates 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.

The Scheme offers five 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

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. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Blairtummock Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Blairtummock Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

Housing Association Limited. The annual pensionable payroll in respect of these members was £339,697. Blairtummock Housing Association Limited continues to offer membership of the Scheme to its employees.

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 FRS17 represents the employer contribution payable.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2011. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 64.8%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

As a result of Pension Scheme legislation 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 buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

