

STATUTORY

LOGGED 17/8/10

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

FINANCIAL STATEMENTS

For the year ended 31 March 2010

Registered Housing Association No. HAC223

Financial Services Authority No. 2341R(S)

Charity No: SC040816

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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Registration particulars:

Financial Services Authority

Industrial & Provident Societies Act 1965
Registered Number: 2341R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2001
Registered Number: HAC223

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2010

The Management Committee present their report and audited financial statements for the year ended 31 March 2010.

Principal activity

The principal activity of the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

Business review

The Management Committee are satisfied that the Association business during the financial year has been conducted in accordance with the agreed policies and procedures.

Blochairn made a deficit of £20,746 during the year compared to a deficit of £16,753 in the year to 31 March 2009. The total expenditure on major repairs, expensed in the year amounted to £184,426. This compares with £173,508 for similar expenditure in the previous year. This expenditure is written off in the year it is incurred and not capitalised.

Despite this expenditure Blochairn is in a strong financial position with over £400k deposited as cash funds. Blochairn continues to have a significant major repair investment programme over the next few years. We have also provided substantial funds over the next five years to meet our commitments under the Scottish Housing Quality Standards. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

Surplus for the year and transfers

The results for the year are shown in the income and expenditure account on page 11. The deficit for the year of £19,633 (2009: deficit £16,753) has been dealt with as follows:

	£
Deficit for year after tax	(20,746)
Transfers to designated reserves	
Future repairs reserve	-
Transferred to revenue reserve	(20,746)

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2010

Members of Management Committee

The members of the Management Committee of the Association during the year to 31 March 2010 were as follows:

Joan Reuston	Chairperson	William Kerr	Appointed 21.07.94
Mary Gibb	Secretary		Ceased 20.10.09
Mary Carey			Co-opted 17.11.09
Denise Doherty		Anne Moffat	Appointed 16.02.90
Anne Gregory			Ceased 08.03.10
Mary Kelly			
John Murray			
Marion Reilly			
Jean Taylor			

Fixed assets

Additions to fixed assets in the year are set out in notes 5 and 6 to the financial statements.

Corporate Governance

Blochairn has a Committee of Management who are elected by the members of the Association. It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The staff of Blochairn are responsible for achieving the strategy set, undertaking the operational activities in line with the policies set.

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2010

Maintenance policies

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

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

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are detailed on page 7.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

Management Structure

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2010

Budgetary Process

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

Rental Income

The Association will make sure that it is financially viable and that rents are set at a level that will guarantee enough income to manage and maintain its houses, cover loan charges and to provide for future major repairs.

The Association will also make sure that its rents are comparable to other housing providers. Each year, as rents are reviewed, a survey will be carried out over a random sample of both neighbouring associations and others throughout the City. Information from this survey will be taken into account when rents are being set.

The Association recognises that many of its tenants and waiting list applicants will be on below average incomes, a characteristic common to most community owned housing associations and co-operatives. Whilst recognising that there is no one accepted definition of affordability, the Association will try to set rents at a level affordable to its traditional client group. Affordability will normally be considered using criteria recommended by the Scottish Federation of Housing Associations.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Disabled Employees

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

Credit Payment Policy

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2010

Future developments

The Association intends to continue with its policy of improving the quality of housing within its area of operation. The Association is building 101 houses on the former Roads Department Depot Site on Blochairn Road. Work began in January 2010 and should be completed in 2011. The Association has considered its future structure and a proposal to adopt charitable status was approved by the Office of the Scottish Charity Regulator in September 2009.

Information for auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Management Committee

Name:*M. Gibb*.....
MARY GIBB

Date:*16.6.10*.....

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES

YEAR ENDED 31 MARCH 2010

Under the legislation relating to Industrial and Provident Societies we are required 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 year. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Management Committee

Name: *M Gibb*
MARY GIBB

Date: *16.6.10*

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

YEAR ENDED 31 MARCH 2010

The Management Committee acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the 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 include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allows the monitoring of controls and restricts the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions and that annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Management Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Management Committee members and others.
- the Management Committee review reports from management, from directors, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

YEAR ENDED 31 MARCH 2010
(continued)

The Management Committee have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Management Committee

Name: *M Gibb*
MARY GIBB

Date: *16.6.10*

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

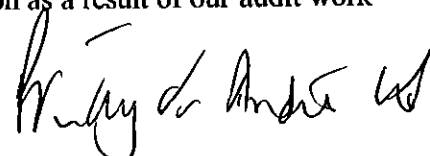
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 7 and 8 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to Bulletin 2006/5 that was 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 pages 7 and 8 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.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 19 June 2010

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)**

We have audited the financial statements on pages 11 to 29, which have been prepared under the accounting policies set out on pages 14 to 16.

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 responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report and for the opinion we have formed.

Respective responsibilities of the Management Committee and Auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are 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 (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of internal control over transactions has not been maintained, if the Association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Management Committee's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

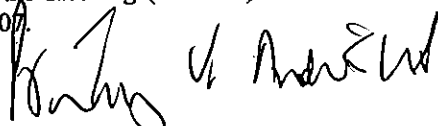
Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its deficit for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Glasgow

Date: 19.6.10.....

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	599,052	592,172
Operating Costs	2	(591,385)	(555,550)
Operating surplus		7,667	36,622
Interest receivable		5,462	17,231
Interest payable	4	(32,080)	(74,129)
Deficit on ordinary activities before tax		(18,951)	(20,276)
Corporation tax	5	(1,795)	3,523
Deficit for year after tax		(20,746)	(16,753)

There are no recognised gains and losses in 2010 and 2009 other than the deficit for the year.

None of the Association's activities were acquired or discontinued during the above two financial years.

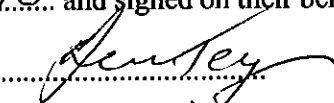
BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	£	2010 £	2009 £
Tangible Fixed Assets				
Housing properties				
- Gross cost less depreciation	6		15,927,766	14,585,295
Less: Housing Association and other Grant	6		(14,540,880)	(13,167,789)
			<hr/>	<hr/>
			1,386,886	1,417,506
Other Fixed Assets	6		7,291	7,499
			<hr/>	<hr/>
			1,394,177	1,425,005
Current Assets				
Debtors	7	156,612		55,499
Cash at bank and in hand		<hr/>		<hr/>
			668,431	508,202
			<hr/>	<hr/>
			825,043	563,701
Creditors: Amounts falling due within one year	8		<hr/>	<hr/>
			(427,729)	(122,893)
Net Current Assets			<hr/>	<hr/>
			397,314	440,808
Total assets less current liabilities			<hr/>	<hr/>
			1,791,491	1,865,813
Creditors: Amounts falling due after more than one year	9		<hr/>	<hr/>
			(1,212,398)	(1,265,964)
			<hr/>	<hr/>
			579,093	599,849
Capital and reserves				
Share capital	13		166	176
Revenue reserve	14		205,177	225,923
Designated reserves	15		<hr/>	<hr/>
			373,750	373,750
Total Funds	12		<hr/>	<hr/>
			579,093	599,849

These financial statements were approved by the Committee of Management and authorised for issue on 15th June 2010 and signed on their behalf by:

Committee Member: 

Committee Member: 

Secretary: 

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2010

	Notes	2010	2009
		£	£
Net cash inflow from operating activities	16	244,254	<u>91,376</u>
Return on investments and servicing of finance			
Interest received		5,462	17,231
Interest paid		(32,080)	(74,129)
		<hr/>	<hr/>
Net cash (outflow) from returns on Investments & servicing of finance		<u>(26,618)</u>	<u>(56,898)</u>
Taxation			
Corporation Tax paid		(3,160)	-
		<hr/>	<hr/>
		(3,160)	-
Interesting Activities			
Payments for the purchase and development of property	(1,372,629)		(1,197,032)
HAG received	1,373,091		1,194,032
HAG repaid	-		-
Proceeds of sale of fixed assets	-		-
Purchase of equipment	(3,759)		-
		<hr/>	<hr/>
Net cash (outflow) from investing activities		<u>(3,297)</u>	<u>(3,000)</u>
Net cash inflow/(outflow) before financing		211,179	<u>31,478</u>
Financing			
Issue of share capital		-	10
Loans received		-	-
Loans repaid		(50,949)	(42,421)
		<hr/>	<hr/>
Net cash (outflow) from financing		<u>(50,950)</u>	<u>(42,411)</u>
Increase/(decrease) in cash and cash equivalents	16	<u>160,229</u>	<u>(10,933)</u>

Further details are given in note 16

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

1. Principal accounting policies

Basis of Accounting

The principal accounting policies of the Association are set below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" and applicable accounting standards.

Turnover

Turnover relates to the income from the letting of properties at affordable rents, and the supply of feuing services, together with revenue grants from the Scottish Government, local authorities and other organisations.

Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loans in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time.

HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Acquisition and Development Allowances are advanced as mortgage loans. They are intended to finance certain internal administration costs relating to the acquisition of schemes. Development allowances become available in instalments according to the progress of work on the scheme. Amounts equal to these allowances are credited to development costs when they are receivable.

Finance

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

Mortgages

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

Fixed assets - Housing land and buildings

Housing land and buildings are stated at cost. The development cost of housing properties funded with HAG includes the following:-

- (i) Cost of acquiring land and buildings.
- (ii) Development expenditure.
- (iii) Interest charged on the loans during the development year of the scheme to the date of completion.

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

Other fixed assets

Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over expected useful lives

Fixtures & fittings	- 20%
Office improvements	- 5%
Office equipment	- 25%

Housing, land and buildings - depreciation

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties at annual rates of 2%.

Improvements

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

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

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

Impairment of fixed assets

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

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

Designated reserves

The transfer to designated reserves is calculated using future projections obtained from the Associations Life Cycle Costing Model.

The Life Cycle Costing Model does not differentiate between cyclical maintenance and major repairs. The Association has therefore, consolidated its designated reserves to show a Future Repairs Reserve, which better reflects the basis on which the provision has been designated. This reserve is based on estimated future costs to be incurred by the Association, in respect of existing housing accommodation for all repairs, including improvement or replacement, with a cycle of two or more years.

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

Apportionment of management expenses

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

Pensions

The Association participates in the centralised SFHA 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.

Lease obligations

Rentals paid under operating leases are charged to the income and expenditure account as they are incurred.

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010
(Continued)

2. Particulars of turnover, operating costs, operating surplus or deficit

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/ (Deficit) 2009 £
Social lettings	595,297	591,385	3,912	34,925
Other Activities	3,755	-	3,755	1,697
Total	<u>599,052</u>	<u>591,385</u>	<u>7,667</u>	<u>36,622</u>
2009	<u>592,172</u>	<u>555,550</u>	<u>36,622</u>	

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

(Continued)

3a. Particulars of income and expenditure from lettings

	General Needs Housing £	Shared Ownership £	Supported Housing £	2010 Total £	2009 Total £
Lettings					
Rent receivable net of Service Charges	596,114	-	-	596,114	581,965
Service charges	-	-	-	-	-
	596,114	-	-	596,114	581,965
Gross Income from rents and services charges					
Less: Voids	(817)	-	-	(817)	(21)
	595,297	-	-	595,297	581,944
Net income from rents and service charges					
Revenue Grants	-	-	-	-	-
	595,297	-	-	595,297	581,944
Total turnover from social letting activities					
Expenditure on Letting Activities					
Management and maintenance administration costs	267,061	-	-	267,061	211,057
Service costs	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	184,426	-	-	184,426	182,942
Reactive maintenance	108,143	-	-	108,143	118,487
Bad debts –rents and service charges	1,597	-	-	1,597	4,375
Depreciation of social housing	30,158	-	-	30,158	30,158
	591,385	-	-	591,385	547,019
Operating costs for social letting activities					
	3,912	-	-	3,912	34,925
Operating surplus/(deficit) for social lettings					

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2009 - £Nil).

The total amount of major repairs expenditure incurred in the year was £184,426 (2009- £173,508). No major repairs were capitalised.

BLOCHAIRN HOUSING ASSOCIATION LIMITED
(Formerly known as Blochairn Housing Co-operative Limited)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010
(Continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	1,697
Factoring	-	-	-	3,755	3,755	-	-	3,755	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Development for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	-	-	3,755	3,755	-	-	3,755	1,697
2009	-	8,254	-	1,974	10,228	-	8,531	1,697	

BLOCHAIRN HOUSING ASSOCIATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010
(Continued)

4. Interest payable	2010 £	2009 £
Total interest incurred	32,080	74,129
Interest capitalised	-	-
	32,080	74,129
5. Taxation	2010 £	2009 £
Current tax:		
UK Corporation tax based on the results For the year at 21% (2009: 21%)	1,114	2,477
Adjustment in respect of prior periods	681	(6,000)
	1,795	(3,523)
For the year at 21% (2009: 21%)		
Factors affecting tax charge for the period		
The tax assessed for the period is lower than the standard rate of corporation tax (21%) as explained below:		
(Deficit) on ordinary activities before tax	(18,951)	(20,276)
(Deficit) on ordinary activities multiplied by the standard rate of corporation tax (21%)	3,980	4,258
Effects of:		
Adjustment in respect of prior periods	681	(6,000)
Capital allowances in excess of depreciation	(464)	(1,781)
Income not taxable	(4,077)	-
Sundry tax adjusting items	3,140	-
Expenses not deductible for tax purposes	6,495	-
	1,795	(3,523)
Current tax charge for the period		

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010
(Continued)

6. Tangible fixed assets

Housing Properties

	Housing Properties Held for Letting £	Housing Properties in Course of Construction £	Total £
Cost			
As at 1 April 2009	13,595,163	1,197,032	14,792,195
Additions	-	1,372,629	1,372,629
Disposals	-	-	-
As at 31 March 2010	<u>13,595,163</u>	<u>2,569,661</u>	<u>16,164,824</u>
Depreciation			
As at 1 April 2009	206,900	-	206,900
Charge for year	30,158	-	30,158
As at 31 March 2010	<u>237,058</u>	<u>-</u>	<u>237,058</u>
Housing Association and Other Grant			
As at 1 April 2009	11,973,757	1,194,032	13,167,789
Additions	-	1,373,091	1,373,091
Disposals	-	-	-
31 March 2010	<u>11,973,757</u>	<u>2,567,123</u>	<u>14,540,880</u>
Net book value			
31 March 2010	<u>1,384,348</u>	<u>2,538</u>	<u>1,386,886</u>
31 March 2009	<u>1,414,506</u>	<u>3,000</u>	<u>1,417,506</u>

Development administration costs capitalised amounts to £Nil (2009 - £Nil) for which £Nil Housing Association Grant was received (2009- £Nil). None of the Association's land or properties is held under a lease.

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YEAR ENDED 31 MARCH 2010

(Continued)

6. Tangible fixed assets (cont'd)
Other Fixed Assets

	Office Improvements £	Fixtures & Fittings £	Office Equipment £	Total £
Cost				
As at 1 April 2009	15,422	34,081	48,650	98,153
Additions	-	-	3,760	3,760
As at 31 March 2010	<u>15,422</u>	<u>34,081</u>	<u>52,410</u>	<u>101,913</u>
Depreciation				
As a 1 April 2009	13,936	34,038	42,680	90,654
Charge for year	771	43	3,154	3,968
As at 31 March 2010	<u>14,707</u>	<u>34,081</u>	<u>45,834</u>	<u>94,622</u>
Net book value				
31 March 2010	<u>715</u>	<u>-</u>	<u>6,576</u>	<u>7,291</u>
31 March 2009	<u>1,486</u>	<u>43</u>	<u>5,970</u>	<u>7,499</u>

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YEAR ENDED 31 MARCH 2010

(Continued)

7. Debtors	2010	2009
	£	£
Rent arrears	44,395	42,418
Less: bad debt provision	(3,994)	(3,994)
	<u>40,401</u>	<u>38,424</u>
Prepayments and accrued income	55,415	5,450
Other debtors	9,304	4,945
Development funding receivable	<u>51,492</u>	<u>6,680</u>
	<u>156,612</u>	<u>55,499</u>

8. Creditors: Amounts falling due within one year

Bank loans and overdrafts	50,172	47,556
Trade creditors	17,660	28,527
Corporation Tax	1,114	2,477
Grant in advance	342,131	-
Accruals and deferred income	13,866	41,763
Rent in advance	2,655	2,570
Other Creditors	<u>131</u>	<u>-</u>
	<u>427,729</u>	<u>122,893</u>

9. Creditors: Outwith one year

Loans	<u>1,212,398</u>	<u>1,265,964</u>
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Loans secured by specific charges on the Association's properties

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 1.2% to 4.84% (2009 – 1.6 % to 5.1 %) in instalments due as follows:

In one year or less or on demand	50,172	47,556
Between two and five years	150,517	190,224
In five years or more	<u>1,061,881</u>	<u>1,075,740</u>
	<u>1,262,570</u>	<u>1,313,520</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010
(Continued)

10. Employees	2010	2009
	£	£
Staff costs during year		
Wages and salaries	125,007	113,035
Social security costs	10,016	9,096
Pension costs	17,109	16,593
	<u>152,132</u>	<u>138,724</u>
The average full time equivalent number of persons employed by the Association during the year were as follows:	No	No
Administration	<u>4</u>	<u>3</u>
The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments exceed £60,000 per year. No Director has emoluments over £60,000.		
Emoluments payable to Highest Paid Director (Excluding pension contributions)	<u>54,831</u>	<u>54,581</u>
The Association's contributions for the Director in the year amounted to £8,147 (2009 - £8,007).		
No member of the Committee of Management received any emoluments in respect of their services to the Association.		
11. Auditors' Remuneration		
The remuneration of the auditors (including expenses and excluding VAT for the year)	5,300	7,403
Remuneration of the auditors in respect of services other than those as auditors	<u>-</u>	<u>-</u>
	<u>5,300</u>	<u>7,403</u>

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YEAR ENDED 31 MARCH 2010
(Continued)

12. Reconciliation of shareholders' funds

	2010	2009
	£	£
Opening shareholders' funds	599,849	616,592
(Deficit) for the year after tax	(20,065)	(16,753)
(Decrease)/increase in share capital	<u>(10)</u>	<u>10</u>
Closing shareholders' funds	<u>579,774</u>	<u>599,849</u>

13. Share Capital

At 1 April	176	166
Shares issued	-	10
Shares cancelled	<u>(10)</u>	<u>-</u>
At 31 March	<u>166</u>	<u>176</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.

14. Revenue reserve

At 1 April	225,923	242,676
Transfer to designated reserves	-	-
(Deficit) for the year	<u>(20,746)</u>	<u>(16,753)</u>
At 31 March	<u>205,177</u>	<u>225,923</u>

15. Designated reserves

Future Repairs

At 1 April	373,750	373,750
Transfer from income & expenditure account	<u>-</u>	<u>-</u>
At 31 March	<u>373,750</u>	<u>373,750</u>

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

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16. Cash flow statement	2010	2009		
	£	£		
Reconciliation of (deficit) to net cash inflow from operating activities				
(Deficit)/surplus	(18,951)	(20,276)		
Interest receivable	(5,462)	(17,231)		
Interest Payable	32,080	74,129		
	<u>7,667</u>	<u>36,622</u>		
Depreciation charges	34,126	34,128		
(Increase)/decrease in debtors	(101,112)	(8,569)		
Gain on sale	-	-		
Increase/(decrease) in creditors	303,583	29,195		
Shares cancelled	(10)	-		
	<u>244,254</u>	<u>91,376</u>		
Net cash inflow from operating activities				
Reconciliation of net cash flow to movements in net debt				
Increase/(decrease) in cash for the year	160,229	(10,933)		
Decrease/(increase) in bank overdraft	-	-		
Loans received	-	-		
Loan repayments	50,950	42,421		
	<u>211,179</u>	<u>31,488</u>		
Change in net debt				
Net debt as at 31 March 2009	(805,318)	(836,806)		
	<u>(594,139)</u>	<u>(805,318)</u>		
Net debt as at 31 March 2010				
Analysis of Changes in net debt				
	As at 1	Cash	Other	As at 31
	April 2009	Flow	Changes	March 2010
	£	£	£	£
Cash at bank and in hand	508,202	160,229	-	668,431
Overdraft	-	-	-	-
Debt due within one year	(47,556)	(2,616)	-	(50,172)
Debt due after one year	(1,265,964)	53,566	-	(1,212,398)
	<u>(805,318)</u>	<u>211,179</u>	<u>-</u>	<u>(594,139)</u>

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

17. Pension Fund - General

Blochairn Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

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

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

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £268 million. The valuation showed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis 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 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.

Blochairn Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Blochairn Housing Association Limited was £381,723.

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17. Pension Fund – General (cont'd)

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three 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.

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 given time. An open benefit structure is one which new entrants are able to join.

Blochairn Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Blochairn Housing Association Limited paid contributions at the rate of 14.0% of pensionable salaries. Member contributions were 7.0%.

As at the balance sheet date there were 3 active members of the Scheme employed by Blochairn Housing Association Limited. The annual pensionable payroll in respect of these members was £110,515.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
 Rate of pension increases	
- pension accrued pre 6 April 2005	2.6
- pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

Contribution Rates for Future Service	%
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

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18. Capital commitments

At 31 March 2010, the Association has capital commitments on the depot site of £9.88m. This commitment will be met from HAG and loan arranged with the Royal Bank of Scotland.

19. Housing Stock

The number of units in Management at 31 March was as follows:-

	2010	2009
	No	No
General needs housing	220	220
Shared ownership housing	-	-
Supported housing	-	-
	<u>220</u>	<u>220</u>

20. Related Parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.

21. Contingent Liabilities

At 31 March 2010, the Association had no contingent liabilities (2009 -£nil) other than the liability that would be payable on withdrawal from the SFHA pension scheme disclosed in note 17 above. The Association has no plans to withdraw from this scheme.