

**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**For the year ended 31 March 2013**

**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

## FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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#### **Registration particulars:**

Financial Conduct Authority	Industrial & Provident Societies Act 1965 Registered Number: 2341R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HAC223
Scottish Charities	Charities and Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC 040816

# **BLOCHAIRN HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE MANAGEMENT COMMITTEE**

**YEAR ENDED 31 MARCH 2013**

The Management Committee present their report and audited financial statements for the year ended 31 March 2013.

### **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 surplus of £34,281 (2012 - surplus £118,346) during the year.

### **Surplus for the year and transfers**

The results for the year are shown in the income and expenditure account on page 11. The surplus for the year of £34,281 (2012: surplus £118,346) has transferred to revenue reserves.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2013

### Members of Management Committee

The members of the Management Committee of the Association during the year to 31 March 2013 were as follows:

Joan Reuston - Chairperson	
William Kerr	
Mary Gibb - Secretary	(resigned 29/01/13)
Anne Gregory	
Mary Kelly	
Lynsey Morgan	(appointed 26/06/12)
John Murray	
Marion Reilly	
Selina Kelly	
John McBryde	
Kathleen McGrath – Vice Chairperson	(resigned 29/01/13 – co-opted 19/02/13)
Jean Taylor - Secretary	
Antoni Zurakowski	(resigned 29/01/13)

### Fixed assets

Additions to fixed assets in the year are set out in note 6 to the financial statements.

### Corporate Governance

Blochairn has a Management Committee 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 Management Committee 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 Management Committee, which is responsible to the wider membership. Management Committee 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**

## **REPORT OF THE MANAGEMENT COMMITTEE**

**YEAR ENDED 31 MARCH 2013**

### **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. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. 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 Management Committee 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 Management Committee has established with a view to providing effective internal financial control are detailed on pages 7 and 8.

### **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 Management Committee 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**

## **REPORT OF THE MANAGEMENT COMMITTEE**

**YEAR ENDED 31 MARCH 2013**

### **Budgetary Process**

Each year the Management Committee 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**

## **REPORT OF THE MANAGEMENT COMMITTEE**

**YEAR ENDED 31 MARCH 2013**

### **Future developments**

The Association continued its policy of improving the quality of housing within its area of operation. It is not likely that there will be further development within the next three years due to limitations in government grant and to limited opportunities within the immediate area in terms of available sites.

### **Going concern**

The Management Committee has received the result for this year and has also received the projection for the next five years. Based on this review the Management Committee have a reasonable expectation that the Association has adequate resources to continue in operation existence for the foreseeable future. Thus they continue to adopt the going concern basis of preparing the financial statements.

### **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: J Taylor

Date: 28-05-13  
.....



**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES**

**YEAR ENDED 31 MARCH 2013**

The Industrial and Provident Societies Acts and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 2010 and the Determination of Accounting Requirements – April 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

By order of the Management Committee

Name: J Taylor



Date: 28-05-13 .....



# **BLOCHAIRN HOUSING ASSOCIATION LIMITED**

## **MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS**

**YEAR ENDED 31 MARCH 2013**

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 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**

**MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS**

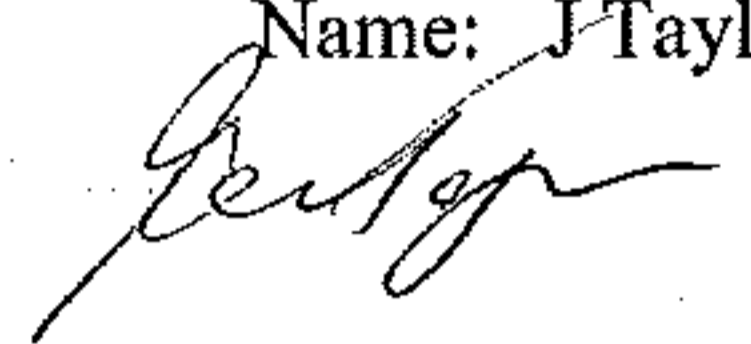
**YEAR ENDED 31 MARCH 2013**

**(continued)**

The Management Committee have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2013 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: J Taylor



Date: 28-05-13

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
BLOCHAIRN HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Blochairn Housing Association Limited for the year ended 31 March 2013 on pages 10 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Committee and auditor**

As explained more fully in the Committee's Responsibilities Statement set out on pages 6, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012 .

**Matters on which we are required to report by exception**

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

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

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Breckenridge House  
274 Sauchiehall Street  
GLASGOW  
G2 3EH

Date: 31/3/13.....

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2013

	Notes	2013	2012
		£	£
Turnover	2	1,433,945	2,291,488
Operating Costs	2	<u>(1,301,222)</u>	<u>(2,032,381)</u>
<b>Operating surplus</b>		132,723	259,107
Interest receivable		2,110	3,696
Interest payable	4	(116,677)	(144,457)
Profit on sale of fixed assets		16,125	-
<b>Surplus on ordinary activities before tax</b>		<u>34,281</u>	<u>118,346</u>
Corporation tax	5	-	-
<b>Surplus for year after tax</b>	14	<u>34,281</u>	<u>118,346</u>

There are no recognised gains and losses in 2013 and 2012 other than the surplus for the year.

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

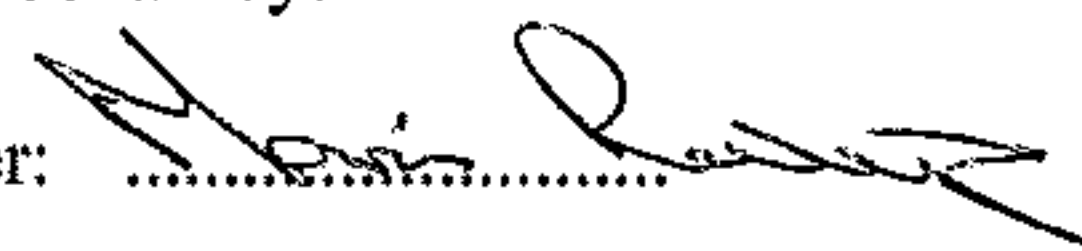
# BLOCHAIRN HOUSING ASSOCIATION LIMITED


## BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	2013	2012
		£	£
<b>Tangible Fixed Assets</b>			
Housing properties			
- Gross cost less depreciation	6	21,547,424	21,566,070
Less: Housing Association and other Grant	6	<u>(16,924,897)</u>	<u>(16,891,785)</u>
		4,622,527	4,674,285
Other Fixed Assets	6	310,721	258,977
		<u>4,933,248</u>	<u>4,933,262</u>
<b>Fixed Asset Investments</b>			
Shared Equity Loan		1,837,511	1,358,774
Shared Equity Grant		<u>(1,837,511)</u>	<u>(1,358,774)</u>
		-	-
<b>Current Assets</b>			
Stock	7	-	389,635
Debtors	8	109,068	64,837
Cash at bank and in hand		<u>828,070</u>	<u>659,248</u>
		937,138	1,113,720
<b>Creditors: Amounts falling due within one year</b>	9	<u>(632,565)</u>	<u>(706,767)</u>
<b>Net Current Assets</b>		<u>304,573</u>	<u>406,953</u>
<b>Total assets less current liabilities</b>		5,237,821	5,340,215
<b>Creditors: Amounts falling due after more than one year</b>	10	<u>(4,347,154)</u>	<u>(4,483,838)</u>
		<u>890,667</u>	<u>856,377</u>
<b>Capital and reserves</b>			
Share capital	13	196	187
Revenue reserve	14	762,718	482,440
Designated reserves	15	<u>127,753</u>	<u>373,750</u>
<b>Total Funds</b>		<u>890,667</u>	<u>856,377</u>

These financial statements were approved by the Management Committee and authorised for issue on 28-05-13 and signed on their behalf by:

Committee Member: 

Committee Member: 

Secretary: 

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2013

	Notes	2013	2012
		£	£
<b>Net cash inflow from operating activities</b>	16	667,467	<u>1,264,608</u>
<b>Return on investments and servicing of finance</b>			
Interest received		2,110	3,696
Interest paid		<u>(116,677)</u>	<u>(144,457)</u>
<b>Net cash (outflow) from returns on Investments &amp; servicing of finance</b>		<u>(114,567)</u>	<u>(140,761)</u>
<b>Taxation</b>			
Corporation Tax paid		<u>-</u>	<u>-</u>
<b>Capital Expenditure and Financial Investment</b>			
Payments for the purchase and development of property		(200,193)	(2,534,600)
Housing Association and other Grant received		119,719	1,902,604
Proceeds from disposal of letting property		22,521	41,348
Payments for the purchase of office property		<u>(59,406)</u>	<u>(64,262)</u>
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<u>(117,359)</u>	<u>(654,910)</u>
<b>Net cash inflow before financing</b>		<u>435,541</u>	<u>468,937</u>
<b>Financing</b>			
Loans repaid		<u>(266,720)</u>	<u>(469,236)</u>
<b>Net cash (outflow) from financing</b>		<u>(266,720)</u>	<u>(469,236)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	16	<u>168,821</u>	<u>(299)</u>

Further details are given in note 16.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

### 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 Determination of Accounting Requirements – April 2012 and The Statement of Recommended Practice (SORP), “Accounting by Registered Social Housing Providers Update 2010” 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 properties are stated at cost less housing association grant less accumulated depreciation. The cost of such properties includes the following:

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

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

### 1. Principal accounting policies (cont)

#### Fixed assets - Housing land and buildings (cont)

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored;  
or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

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

#### 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 each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 50 years
Kitchens	Over 15 years
Bathrooms	Over 15 years
Central Heating	Over 12 Years
Windows	Over 25 years

#### 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

Office property	- 2%
Fixtures & fittings	- 20%
Office improvements	- 5%
Office equipment	- 25%

Other fixed assets with a value greater than £10,000 are capitalised.

#### 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



# **BLOCHAIRN HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

### **1. Principal accounting policies (cont)**

#### **Impairment of fixed assets (cont)**

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**

Designated reserves are set aside by the Committee for specific purposes. Proposed major repairs expenditure, being the Association's commitment to undertake major repairs to its properties, was previously set-aside in a designated reserve to the extent that it is not met from HAG. However due to the introduction of component accounting in 2012, this reserve is no longer considered necessary. A designated reserve has been set aside to cover the net present value of the Association's liability under the SHAPS pension scheme in relation to contributions towards the past service deficit.

#### **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 Scottish Housing Associations Pension Scheme (SHAPS) which is a defined benefits scheme. 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.

#### **Sale of housing properties**

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

#### **Stock**

Stock is stated at the lower of cost and net realisable value.

#### **New Supply Shared Equity (NSSE)**

Income received from sales is included within turnover and the expenses are included as cost of sales to reflect the level of activity undertaken. During the development of NSSE properties the costs and HAG received are shown in the balance sheet as a current asset, with the cost of property and the HAG shown separately and once sold they are reported as a fixed asset investment. The current asset treatment reflects the risk to the Association until a sale is achieved.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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

	Notes	Turnover £	Operating Costs £	Operating Surplus £	Operating Surplus 2012 £
Social lettings	3a	929,980	808,924	121,056	252,884
Other Activities	3b	503,965	492,298	11,667	6,223
<b>Total</b>		<u>1,433,945</u>	<u>1,301,222</u>	<u>132,723</u>	<u>259,107</u>
<b>2012</b>		<u>2,291,488</u>	<u>2,032,381</u>	<u>259,107</u>	

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

### 3a. Particulars of income and expenditure from lettings

	General Needs Housing £	2013 Total £	2012 Total £
<b>Lettings</b>			
Rent receivable net of Service Charges	927,575	927,575	853,264
Service charges	-	-	-
<b>Gross Income from rents and services charges</b>	<u>927,575</u>	<u>927,575</u>	<u>853,264</u>
<b>Less: Voids</b>	(639)	(639)	(191)
<b>Net income from rents and service charges</b>	<u>926,936</u>	<u>926,936</u>	<u>853,073</u>
Revenue Grants	3,044	3,044	1,009
<b>Total turnover from social letting activities</b>	<u>929,980</u>	<u>929,980</u>	<u>854,082</u>
<b>Expenditure on Letting Activities</b>			
Management and maintenance administration costs	326,634	326,634	315,254
Service costs	-	-	-
Planned and cyclical maintenance including major repairs costs	180,382	180,382	48,857
Reactive maintenance	153,726	153,726	108,315
Bad debts –rents and service charges	5,094	5,094	6,095
Depreciation of social housing	143,088	143,088	122,677
<b>Operating costs for social letting activities</b>	<u>808,924</u>	<u>808,924</u>	<u>601,198</u>
<b>Operating surplus for social lettings</b>	<u>121,056</u>	<u>121,056</u>	<u>252,884</u>
<b>Previous period of account</b>	<u>252,884</u>	<u>252,884</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2012 - £Nil).

The Association does not have any shared ownership or supported housing accommodation.

**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

**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	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	12,627	12,627	-	960	11,667	6,223
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	-	-	-	491,338	491,338	-	491,338	-	-
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>				<b>503,965</b>	<b>503,965</b>		<b>492,298</b>	<b>11,667</b>	<b>6,223</b>
<b>2012</b>				<b>1,437,406</b>	<b>1,437,406</b>		<b>1,431,183</b>	<b>6,223</b>	

**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

<b>4. Interest payable and other charges</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Total interest and other charges incurred	116,677	176,557
Interest capitalised	-	(32,100)
	<u>116,677</u>	<u>144,457</u>

**5. Taxation**

Blochairn Housing Association obtained charitable status in 2009/10 and therefore is exempt from corporation tax.

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

**6. Tangible fixed assets**

**Housing Properties**

	<b>Housing Properties Held for Letting £</b>	<b>Total £</b>
<b>Cost</b>		
As at 1 April 2012	22,122,323	22,122,323
Additions	217,442	217,442
Disposals	(97,976)	(97,976)
As at 31 March 2013	<u>22,241,789</u>	<u>22,241,789</u>
<b>Depreciation</b>		
As at 1 April 2012	556,253	556,253
Charge for year	143,088	143,088
Disposals	(4,976)	(4,976)
As at 31 March 2013	<u>694,365</u>	<u>694,365</u>
<b>Housing Association and Other Grant</b>		
As at 1 April 2012	16,891,785	16,891,785
Additions	119,719	119,719
Disposals	(86,607)	(86,607)
31 March 2013	<u>16,924,897</u>	<u>16,924,897</u>
<b>Net book value</b>		
31 March 2013	<u>4,622,527</u>	<u>4,622,527</u>
At 31 March 2012	<u>4,674,285</u>	<u>4,674,285</u>

None of the Association's land or properties are held under a lease. Total major repair costs during the year were £276,930 (2012: £103,614) of which £96,548 (2012 £54,757) was capitalised. Of the amount capitalised £96,548 (2012 £54,757) related to replacement of components and £nil (2012 £nil) related to improvements.

**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

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

	<b>Office Property £</b>	<b>Total £</b>
<b>Cost</b>		
As at 1 April 2012	264,262	264,262
Additions	59,406	59,406
 As at 31 March 2013	<hr/> 323,668	<hr/> 323,668
 <b>Depreciation</b>		
As a 1 April 2012	5,285	5,285
Charge for year	7,662	7,662
 As at 31 March 2013	<hr/> 12,947	<hr/> 12,947
 <b>Net book value</b>		
31 March 2013	<hr/> 310,721	<hr/> 310,721
31 March 2012	<hr/> 258,977	<hr/> 258,977

**7. Stock – Shared Equity**

	<b>2013 £</b>	<b>2012 £</b>
Cost of developing properties	970,075	970,075
Grant received to develop properties	(580,440)	(580,440)
	<hr/> 389,635	<hr/> 389,635
 Less sold in year	 (389,635)	 -
	<hr/> -	<hr/> 389,635

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

8. Debtors	2013	2012
	£	£
Rent arrears	77,978	61,510
Less: bad debt provision	(5,885)	(4,926)
	<u>72,093</u>	<u>56,584</u>
Prepayments and accrued income	2,860	6,191
Other debtors	<u>34,115</u>	<u>2,062</u>
	<u>109,068</u>	<u>64,837</u>

### 9. Creditors: Amounts falling due within one year

Bank loans and overdrafts (Note 10)	133,964	264,000
Trade creditors	11,469	9,657
Accruals and deferred income	221,325	184,633
Rent in advance	3,521	2,288
Other Creditors	<u>262,286</u>	<u>246,189</u>
	<u>632,565</u>	<u>706,767</u>

### 10. Creditors: Outwith one year

Loans	<u>4,347,154</u>	<u>4,483,838</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 1.69% to 2.67% (2012 – 1.31% to 4.81%) in instalments due as follows:

In one year or less or on demand (Note 9)	133,964	264,000
Between two and five years	567,814	682,125
In five years or more	<u>3,779,340</u>	<u>3,801,713</u>
	<u>4,481,118</u>	<u>4,747,838</u>



# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

11. Employees	2013 £	2012 £
Staff costs during year:		
Wages and salaries	145,609	143,363
Social security costs	12,501	12,709
Pension costs	11,104	10,832
Temporary, seconded and agency staff costs	6,525	8,000
	175,739	174,904

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

	No	No
Administration	4	4

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. 1 (2012: 1) Director has emoluments between £60,000 and £70,000.

Emoluments payable to Highest Paid Director (Excluding pension contributions)	59,588	56,290
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The Association's contributions to the pension scheme for the Director in the year amounted to £5,377 (2012 - £5,245).

No member of the Management Committee received any emoluments in respect of their services to the Association.

### 12. Auditors' Remuneration

The remuneration of the auditors (including expenses and excluding VAT for the year)	7,800	5,720
Remuneration of the auditors in respect of services other than those as auditors from entities related to Baker Tilly UK Audit LLP	900	520
	8,700	6,240

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

13. Share Capital	No	No
At 1 April	187	175
Shares issued	14	27
Shares cancelled	(5)	(15)
	196	187
At 31 March	196	187

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	2013 £	2012 £
At 1 April	482,440	364,094
Transfer from Designated Reserves	373,750	-
Transfer to Designated Reserves	(127,753)	-
Surplus for year	34,281	118,346
At 31 March	762,718	482,440

15. Designated reserves		
<b>Future Repairs</b>		
At 1 April	373,750	373,750
Transfer to Revenue Reserves	(373,750)	-
	-	-
At 31 March	-	373,750
<b>Pension</b>		
At 1 April	-	-
Transfer from Revenue Reserves	127,753	-
	127,753	-
At 31 March	127,753	-

Proposed major repairs expenditure, being the Association's commitment to undertake major repairs to its properties, was set-aside in a designated reserve to the extent that it is not met from HAG. However due to the introduction of component accounting last year, this reserve is no longer considered necessary and has therefore been transferred to the revenue reserve.

The Association has designated the net present value of the agreed liability to pay contributions towards the past service deficit in the SHAPs pension scheme over the next 11 years. The net present value has been calculated using an inflation rate of 4.5% and a discount factor of 4%. Under FRS 102, this liability will be recognised in the financial statements from 31<sup>st</sup> March 2016 year end.

**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

<b>16. Cash flow statement</b>	<b>2013</b>	<b>2012</b>		
	£	£		
<b>Reconciliation of surplus to net cash inflow from operating activities</b>				
Surplus	34,281	118,346		
Interest receivable	(2,110)	(3,696)		
Interest Payable	116,677	144,457		
	<u>148,848</u>	<u>259,107</u>		
Depreciation charge	150,750	130,444		
Increase in debtors	(10,116)	(16,655)		
Profit on sale of fixed assets	(16,125)	-		
Increase/(decrease) in creditors	4,470	(15,911)		
Shares cancelled	5	16		
Increase in stock	389,635	907,607		
	<u>667,467</u>	<u>1,264,608</u>		
<b>Reconciliation of net cash flow to movements in net debt</b>				
Increase/(decrease) in cash for the year	168,821	(299)		
Loan repayments	266,720	469,236		
	<u>435,541</u>	<u>468,937</u>		
Change in net debt	435,541	468,937		
Net debt as at 31 March 2012	<u>(4,088,590)</u>	<u>(4,557,527)</u>		
Net debt as at 31 March 2013	<u>(3,653,049)</u>	<u>(4,088,590)</u>		
<b>Analysis of Changes in net debt</b>				
	<b>As at 1</b>	<b>Cash</b>	<b>Other</b>	<b>As at 31</b>
	<b>April 2012</b>	<b>Flow</b>	<b>Changes</b>	<b>March 2013</b>
	£	£	£	£
Cash at bank and in hand	659,248	168,821	-	828,069
Debt due within one year	(264,000)	130,036	-	(133,964)
Debt due after one year	(4,483,838)	136,684	-	(4,347,154)
	<u>(4,088,590)</u>	<u>435,541</u>	<u>-</u>	<u>(3,653,049)</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

### 17. Pension Fund - General

Blochairn Housing Association Limited participates in the Scottish Housing Association (SHAPS) 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 2009 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 £295 million. The valuation showed a shortfall of assets compared to liabilities of £160 million, 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 30 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 £341 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 62.2%

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 2012. As of this date the estimated employer debt for Blochairn Housing Association Limited was £866,285.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

### 17. Pension Fund – General (cont.)

The Association has been notified by The Pensions Trust that the amount to be paid in additional contributions towards the past service deficit 2013/14 is £13,706. It is likely that additional contributions will be required in future years, and the Association will be notified of these amounts annually.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/80<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/120<sup>th</sup> 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.

Blochairn Housing Association has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit option for active members as at 1 April 2011 and the same benefit structure for new entrants.

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

As at the balance sheet date there were 3 active members of the Scheme employed by Blochairn Housing Association. The annual pensionable payroll in respect of these members was £115,663.

Blochairn Housing Association continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

<b>2009 Valuation Assumptions</b>	<b>% p.a.</b>
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
<b>Rate of pension increases</b>	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

### 17. Pension Fund – General (cont.)

Mortality Tables	
Non-pensioners	SAPS (SIPA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (SIPA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	% p.a.
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

### 18. Capital commitments

At 31 March 2013, the Association has no capital commitments (2012: £nil).

### 19. Housing Stock

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

	2013	2012
	No	No
General needs housing	288	289
Shared ownership housing	-	-
Supported housing	-	-
	288	289

### 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.

# **BLOCHAIRN HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013**

### **21. Contingent Liabilities**

At 31 March 2013, the Association has been notified of the liability that would be payable on withdrawal from the SHAPS pension scheme disclosed in note 17 above. The Association has no plans to withdraw from this scheme.

Housing Association Grant allocated to components (as detailed in Note 1) that have subsequently been replaced by the Association is recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account which may become repayable when the entire property is disposed of at 31 March 2013 was £81,712 (2012: £41,348).

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