

**Blochairn Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**Registered Housing Association No.HAC223**

**FCA Reference No. 2341R(S)**

**Scottish Charity No. SC040816**

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

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## BLOCHAIRN HOUSING ASSOCIATION LIMITED

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### MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2015

#### MANAGEMENT COMMITTEE

Joan Reuston	Chairperson
Anne Gregory	
Mary Kelly	
Lynsey Morgan	Secretary
John Murray	
Marion Reilly	
Selina Kelly	
Jean Taylor	Resigned 21/04/2015
Rosemary Cairns	
Frances Tierney	
Amy Doherty	Co-optee, Resigned 18/07/2014
Fraser Rigley	Vice Chairperson
Patricia Fury	Co-opted 24/06/2014, Resigned 21/04/2015
Janice Forrest	From 25/06/2014 to 18/11/2014
Olga Vassiljeva	Appointed 25/06/2014

#### EXECUTIVE OFFICERS

Michael Carberry	Director
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#### REGISTERED OFFICE

1 Blochairn Road  
Royston  
Glasgow  
G21 2ED

#### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

#### BANKERS

RBS UK Corporate Banking  
Kirkstane House  
139 St Vincent Street  
Glasgow  
G2 5JF

#### SOLICITORS

Naftalin, Duncan & Co Solicitors  
534 Sauchiehall Street  
Glasgow  
G2 3LX

#### FINANCE AGENTS

FMD Financial Services  
Ladyloan Place  
Drumchapel  
Glasgow  
G15 8LB

## BLOCHAIRN HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

#### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2341R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC040816.

#### Principal Activities

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

#### Review of Business and Future Developments

During the financial year to 31 March 2015 the Association's business was conducted in accordance with agreed policies and procedures which are freely available to the general public. Openness and accountability is an important element in the Association's success.

The Association's ethos is one of continuous improvement, exemplified by the motto "Kaizen", a philosophy developed by Japanese companies post WWII. After 25 years, the Association's improvements may be small and incremental but they are important nonetheless.

A Tenant Satisfaction Survey was carried out in 2013 by an independent company, Research Resource Ltd, in the format required by the Scottish Housing Regulator.

The survey revealed overall satisfaction with the Association's service at 96%, up from 92% in 2004. Other highlights include satisfaction with the repairs service at 98.8%, with 79.3% "Very Satisfied", and 96.9% of respondents satisfied with the Association's management of the neighbourhood.

The introduction of the UK government's Welfare Reforms, with the "Bedroom Tax" in April 2013, led to a cautious approach to budgeting. However, the impact of Welfare Reform was limited, in terms of, numbers of people and amounts of money. Almost all tenants have paid their rent, albeit with the aid of Discretionary Housing Payment. The Association's staff managed the situation well and the Association's financial position was protected. However, the stress caused by the government's policy was immense. Staff regularly had to deal with tenants who were in a distressed state. Joint working with neighbouring housing associations saw funding for services to provide tenants with access to money and debt advice other forms of tenancy support.

The election of a majority Conservative government to Westminster on 7 May 2015 will result in further reform and cuts in benefits and the introduction of Universal Credit. The Association will manage this situation carefully and sensitively. It will be a difficult time for many Blochairn residents. However, a significant increase in arrears or loss of income as a result of welfare reform is not anticipated.

## BLOCHAIRN HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

#### Review of Business and Future Developments (Contd)

In 2001 Blochairn became the first housing organisation in Glasgow to introduce a Tenant Bonus Scheme. The Association maintains optimum staffing levels, aware that this is a significant cost, and engages with residents to ensure that everyone, young and old, plays their part to make our area a place where people are happy to live and proud to say they come from. Tenants are encouraged to keep to the Tenancy Agreement; be a good neighbour and by to show respect and consideration for others. This collaborative approach has made a real and lasting difference. A Christmas Bonus of £75 was paid to 95% of tenants in 2014.

Blochairn Housing Association brought together all of the community owned organisations, Glasgow City Council, Local Councillors and MSP's to consider how to complete the regeneration of the wider Royston area. Despite the massive public investment in housing, the Royston area lacks many of the facilities that other communities take for granted. The Royston Strategy Group has been established and a Vision & Strategy document has been created. Several organisations are now leading on different aspects of the plan.

The Association ends the year in a strong financial position with a positive outlook for the future.

## BLOCHAIRN HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

#### Management Committee and Executive Officers

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

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

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

#### Statement of Management Committee's Responsibilities

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

## BLOCHAIRN HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

#### Statement on Internal Financial Control

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

#### Auditors

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

By order of the Management Committee



LYNSEY MORGAN  
Secretary  
26 May 2015

BLOCHAIRN HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
26 May 2015



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

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We have audited the financial statements of Blochairn Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Management Committee and Auditors**

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit on the Financial Statements**

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

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

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

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

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

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

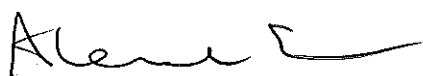
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BLOCHAIRN HOUSING ASSOCIATION LIMITED**

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
27 May 2015

## BLOCHAIRN HOUSING ASSOCIATION LIMITED

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	974,782	981,527
Operating Costs	2.	<u>(689,109)</u>	<u>(645,033)</u>
OPERATING SURPLUS	9.	285,673	336,494
Gain On Sale Of Housing Stock	7.	1,162	4,470
Interest Receivable and Other Income		794	1,644
Interest Payable and Similar Charges	8.	<u>(105,307)</u>	<u>(108,093)</u>
		<u>(103,351)</u>	<u>(101,979)</u>
SURPLUS FOR THE YEAR		<u>182,322</u>	<u>234,515</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2015 £	2014 £
Surplus for the financial year		182,322	234,515
Prior year adjustment	32.	<u>-</u>	<u>(78,711)</u>
Total gains recognised since last annual report		<u>182,322</u>	<u>155,804</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11(a)		21,161,803		21,345,496
Less: Social Housing Grant	11(a)		(16,642,212)		(16,730,950)
			<u>4,519,591</u>		<u>4,614,546</u>
Other fixed assets	11(b)		304,480		304,248
			<u>4,824,071</u>		<u>4,918,794</u>
<b>FIXED ASSET INVESTMENTS</b>					
Shared Equity Cost	21.	1,837,511		1,837,511	
Shared Equity Grant	21.	(1,837,511)		(1,837,511)	
			<u>-</u>	<u>-</u>	
<b>CURRENT ASSETS</b>					
Debtors	13.	11,828		17,073	
Investments	23.	100,000		-	
Cash at bank and in hand		593,651		791,415	
			<u>705,479</u>	<u>808,488</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14.	(222,530)		(468,611)	
			<u>482,949</u>	<u>339,877</u>	
<b>NET CURRENT ASSETS</b>			<u>5,307,020</u>	<u>5,258,671</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,228,793</u>	<u>1,046,476</u>	
<b>CREDITORS: Amounts falling due after more than one year</b>	15.	(4,078,227)		(4,212,195)	
			<u>1,228,793</u>	<u>1,046,476</u>	
<b>NET ASSETS</b>			<u>1,228,793</u>	<u>1,046,476</u>	
<b>CAPITAL AND RESERVES</b>					
Share Capital	17.		197		202
Designated Reserves	18.(a)		127,753		127,753
Revenue Reserves	18.(b)		1,100,843		918,521
			<u>1,228,793</u>		<u>1,046,476</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 26 May 2015.

Chairperson

J. Reuston

Vice-Chairperson



Secretary



**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2015**

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	16.	452,192	299,526
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		794	1,644
Interest Paid		(105,307)	(108,093)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		<b>(104,513)</b>	<b>(106,449)</b>
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(46,547)	(133,620)
Purchase of Other Fixed Assets		(8,940)	-
Social Housing Grant repaid		(262,286)	-
Proceeds on Disposal of Properties		21,900	35,054
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		<b>(309,231)</b>	<b>(98,566)</b>
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		<b>38,448</b>	<b>94,511</b>
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		(100,000)	-
<b>Financing</b>			
Loan Principal Repayments		(136,215)	(131,176)
Share Capital Issued		3	11
<b>Net Cash Outflow from Financing</b>		<b>(136,212)</b>	<b>(131,165)</b>
<b>Decrease in Cash</b>	16.	<b>(197,764)</b>	<b>(36,654)</b>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

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

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not depreciated
Structure	50 years
Kitchens	15 years
Bathrooms	15 years
Central Heating	12 years
Windows	25 years

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Depreciation And Impairment Of Other Fixed Assets**

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

Office Premises	2%
Office Equipment	25%

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

##### **Social Housing Grant And Other Grants In Advance/Arrears**

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

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

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

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

##### **Sales Of Housing Properties**

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

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

### **Leases/Leased Assets**

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

### **Works to Existing Properties**

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

### **Capitalisation Of Development Overheads**

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

### **Development Interest**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

### **Designated Reserves**

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

The Pension Reserve has been designated to meet the future pension obligations of the Association.

### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.



# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	953,855	668,182	285,673	965,267	641,160	324,107
Other Activities	4.	20,927	20,927	-	16,260	3,873	12,387
<b>Total</b>		<b>974,782</b>	<b>689,109</b>	<b>285,673</b>	<b>981,527</b>	<b>645,033</b>	<b>336,494</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	2015 Total £	2014 Total £
<b>Income from Lettings</b>			
Rent Receivable Net of Identifiable Service Charges	941,340	941,340	942,989
<b>Gross Rents Receivable</b>	941,340	941,340	942,989
Less: Rent losses from voids	467	467	872
<b>Net Rents Receivable</b>	940,873	940,873	942,117
Revenue Grants from Scottish Ministers	12,982	12,982	23,150
<b>Total Income From Social Letting</b>	<b>953,855</b>	<b>953,855</b>	<b>965,267</b>
<b>Expenditure on Social Letting Activities</b>			
Management and maintenance administration costs	349,839	349,839	328,675
Reactive Maintenance	175,542	175,542	167,772
Bad Debts - Rents and Service Charges	330	330	1,079
Planned and Cyclical Maintenance, including Major Repairs	7,011	7,011	17,869
Depreciation of Social Housing	135,460	135,460	125,765
<b>Operating Costs of Social Letting</b>	<b>668,182</b>	<b>668,182</b>	<b>641,160</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>285,673</b>	<b>285,673</b>	<b>324,107</b>
<b>2014</b>	<b>324,107</b>		

**BLOCHAIRN HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2015 £	Operating Surplus / (Deficit) 2014 £
Factoring	-	-	-	20,927	20,927	-	20,927	-	12,387
Total From Other Activities	-	-	-	20,927	20,927	-	20,927	-	12,387
2014	-	-	-	16,260	16,260	-	3,873	12,387	

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>61,807</u>	<u>60,401</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,256</u>	<u>5,538</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>61,807</u>	<u>60,401</u>

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

	Number	Number
£60,001 to £70,000	1	1

#### 6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>4</u>	<u>4</u>
Staff Costs were:	£	£
Wages and Salaries	148,023	144,763
Social Security Costs	14,037	12,806
Other Pension Costs	45,846	24,973
Temporary, Agency and Seconded Staff	9,443	8,475
	<u>217,350</u>	<u>191,017</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	21,900	35,054
Cost of Sales	<u>20,738</u>	<u>30,584</u>
Gain On Sale Of Housing Stock	<u>1,162</u>	<u>4,470</u>

## 8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>105,307</u>	<u>108,093</u>
	<u>105,307</u>	<u>108,093</u>

## 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	144,168	125,765
Auditors' Remuneration - Audit Services	6,300	6,006
Operating Lease Rentals - Other	658	548
Gain on sale of Housing Stock	<u>(1,162)</u>	<u>(4,470)</u>

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11 TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
<b>COST</b>		
As at 1st April 2014	22,144,969	22,144,969
Additions	46,547	46,547
Disposals	(101,189)	(101,189)
As at 31st March 2015	<u>22,090,327</u>	<u>22,090,327</u>
<b>DEPRECIATION</b>		
As at 1st April 2014	799,473	799,473
Charge for Year	135,460	135,460
Disposals	(6,409)	(6,409)
As at 31st March 2015	<u>928,524</u>	<u>928,524</u>
<b>SOCIAL HOUSING GRANT</b>		
As at 1st April 2014	16,730,950	16,730,950
Additions	-	-
Disposals	(88,738)	(88,738)
As at 31st March 2015	<u>16,642,212</u>	<u>16,642,212</u>
<b>NET BOOK VALUE</b>		
As at 31st March 2015	<u>4,519,591</u>	<u>4,519,591</u>
As at 31st March 2014	<u>4,614,546</u>	<u>4,614,546</u>

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £46,547 (2014 £133,620)

All land and housing properties are freehold.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. TANGIBLE FIXED ASSETS (Continued)

### b) Other Tangible Assets

	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>			
As at 1st April 2014	323,668	-	323,668
Additions	-	8,940	8,940
As at 31st March 2015	<u>323,668</u>	<u>8,940</u>	<u>332,608</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1st April 2014	19,420	-	19,420
Charge for year	6,473	2,235	8,708
As at 31st March 2015	<u>25,893</u>	<u>2,235</u>	<u>28,128</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2015	<u>297,775</u>	<u>6,705</u>	<u>304,480</u>
As at 31st March 2014	<u>304,248</u>	-	<u>304,248</u>

## 12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
Other		
Expiring between two and five years	<u>658</u>	<u>548</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	10,344	16,081
Less: Provision for Doubtful Debts	<u>(6,262)</u>	<u>(6,262)</u>
	4,082	9,819
Social Housing Grant Receivable	-	-
Corporation Tax Receivable	-	-
Other Debtors	7,746	7,254
Amounts Due from Group Undertakings	-	-
	<u>11,828</u>	<u>17,073</u>

#### 14. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	135,500	137,747
Trade Creditors	7,175	11,561
Rent in Advance	31,925	34,002
Social Housing Grant in Advance	-	262,286
Other Creditors	25,218	8,275
Accruals and Deferred Income	<u>22,712</u>	<u>14,740</u>
	<u>222,530</u>	<u>468,611</u>

At the balance sheet date there were pension contributions outstanding of £nil (2014 £nil)

#### 15. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Housing Loans	<u>4,078,227</u>	<u>4,212,195</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	135,500	137,747
Between one and two years	138,000	-
Between two and five years	429,000	625,419
In five years or more	<u>3,511,227</u>	<u>3,586,776</u>
	4,213,727	4,349,942
Less: Amount shown in Current Liabilities	<u>135,500</u>	<u>137,747</u>
	<u>4,078,227</u>	<u>4,212,195</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	285,673	336,494
Depreciation	143,992	125,765
Change in Debtors	5,245	29,157
Change in Creditors	18,452	(187,415)
Gain on sale of Housing Stock	(1,162)	(4,470)
Share Capital Written Off	(8)	(5)
Net Cash Inflow from Operating Activities	<u>452,192</u>	<u>299,526</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	2014 £	2014 £
Decrease in Cash	(197,764)	(36,654)	
Cash flow from management of liquid resources	100,000	-	
Cash flow from change in debt	<u>136,215</u>	<u>131,176</u>	
Movement in net debt during year		38,451	94,522
Net debt at 1st April 2014		<u>(3,558,527)</u>	<u>(3,653,049)</u>
Net debt at 31st March 2015		<u><u>(3,520,076)</u></u>	<u><u>(3,558,527)</u></u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	791,415	(197,764)		593,651
Bank Overdrafts	-	-		-
	<u>791,415</u>	<u>(197,764)</u>		<u>593,651</u>
Liquid Resources	-	100,000		100,000
Debt: Due within one year	(137,747)	136,215	(133,968)	(135,500)
Due after more than one year	<u>(4,212,195)</u>	<u>-</u>	<u>133,968</u>	<u>(4,078,227)</u>
Net Debt	<u><u>(3,558,527)</u></u>	<u><u>38,451</u></u>	<u><u>-</u></u>	<u><u>(3,520,076)</u></u>



# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	202
Issued in year	3
Cancelled in year	(8)
At 31st March 2015	<u>197</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.

#### 18. RESERVES

(a) Designated Reserves	Pension Reserve	Total
	£	£
At 1st April 2014	127,753	127,753
Transfer to / (from) Revenue Reserves	-	-
At 31st March 2015	<u>127,753</u>	<u>127,753</u>
(b) Revenue Reserves		Total
		£
At 1st April 2014		918,521
Surplus for the year		182,322
At 31st March 2015		<u>1,100,843</u>

#### 19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
General Needs - New Build	No.	No.
	286	287
	<u>286</u>	<u>287</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. RELATED PARTY TRANSACTIONS

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

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

11 members are tenants of the Association  
2 members are factored owners

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

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

The Director of the Association is also a Director of Royston Youth Action. During the year the Association made a donation of £105 to Royston Youth Action.

#### 21. FIXED ASSET INVESTMENT

	2015 £	2014 £
Shared Equity Properties		
Development Cost of Shared Equity Property	1,837,511	1,837,511
Less: Grants Receivable	1,837,511	1,837,511
	<u>          -</u>	<u>          -</u>

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. DEVELOPMENT COST OF HOUSING PROPERTY

	2015	2014
	£	£
Shared Equity Properties		
In the course of construction	-	580,440
Completed Properties Unsold	-	-
	<u>-</u>	<u>-</u>
	-	580,440
Less: Grants Received from Scottish Ministers	-	(580,440)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

## 23. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	100,000	-
	<u>100,000</u>	<u>-</u>

## 24. PRIOR YEAR ADJUSTMENT

In 2014, a prior year adjustment had been incorporated within the Financial Statements in order to correct the rent debit cut-off as at 31 March. This ensured that the figures reported in respect of rental income, arrears of rent, and rent in advance, were each fairly stated at the year end date.

The impact of the prior year adjustment was a reduction in the reported surplus for the year ended 31 March 2013 of £nil and a reduction in reserves as at 31 March 2013 of £78,711.

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. RETIREMENT BENEFIT OBLIGATIONS

##### General

Blochairn Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined Contribution

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 Defined Contribution scheme for all staff from 1st April 2014.

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

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

During the accounting period Blochairn Housing Association Limited paid contributions at the rate of 5% of pensionable salaries. Member contributions were 5%.

Housing Association Limited. The annual pensionable payroll in respect of these members was £148,023. Blochairn Housing Association Limited continues to offer membership of the Scheme to its employees.

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

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

#### Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

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

# BLOCHAIRN HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

##### Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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

The Trustees have recently supplied Blochairn Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Blochairn Housing Association Limited will be required to pay £30,633 per annum as a contribution to the past service deficit. This will represent an increase/decrease of 0% in Blochairn Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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