

Blochairn Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HAC223

FCA Reference No. 2341R(S)

Scottish Charity No. SCO040816

BLOCHAIRN HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	6
REPORT OF THE AUDITORS	7
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CASHFLOWS	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS	13

BLOCHAIRN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2016

MANAGEMENT COMMITTEE

Lynsey Morgan	Chairperson
Joan Reuston	Secretary
Rosemary Cairns	
Anne Gregory	
John Murray	
Frances Tierney	
Olga Vassiljeva	
Deborah Olawuyi	Co-optee, Appointed 18/08/2015
Manal Eshelli	Appointed 23/06/2015
Mary Kelly	Resigned 18/08/2015
Selina Kelly	Resigned 18/08/2015
Marion Reilly	Resigned 18/08/2015
Fraser Rigley	Resigned 15/03/2016
Jean Taylor	Resigned 21/04/2015
Patricia Fury	Resigned 21/04/2015

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

INTERNAL AUDITORS

Quinn Internal Audit
55 Lady Place
Livingston
Edinburgh
EH54 6TB

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

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2016.

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 SCO040816.

Principal Activities

The Association is a Registered Scottish Charity and we provide relief of those in need by reason of age, ill health (whether related to mental or physical health), disability (whether due to mental or physical health issues or learning disabilities), financial hardship or other disadvantage, both to individual persons or to a group of persons with similar needs and issues by;

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

During the financial year to 31 March 2016 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 Japanese philosophy, "Kaizen". 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. Overall satisfaction with the Association's service was high, at 96%, up from 92% in 2004. Performance was good in other areas, for example, satisfaction with the repairs service was 98.8%, with 79.3% "Very Satisfied" and 96.9% of respondents were satisfied with the Association's management of the neighbourhood.

In 2001 Blochairn was the first housing organisation in Glasgow to introduce a Tenant Bonus Scheme. The Association manages staff costs, maintaining optimum staffing levels, engaging with residents to ensure a collaborative approach. Tenants are encouraged to keep to the Tenancy Agreement; be a good neighbour and by to show respect and consideration for others. This has made a real and lasting difference. A Christmas Bonus of £75 was paid to 92% of tenants in 2015.

The Royston Strategy Group (community owned organisations, Glasgow City Council, Local Councillors and MSP's) continue to strive for a strategic approach to complete the regeneration of the wider Royston area to protect the public investment already made.

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make 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 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Statement on Internal Financial Control

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

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

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

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

The governing body has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

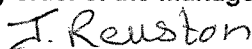
Donations

During the year the Association made charitable donations amounting to £404 (2015 - £510).

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



JOAN REUSTON
Secretary
21 June 2016

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
BLOCHAIRN HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS



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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
21 June 2016

We have audited the financial statements of Blochairn Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with the 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. 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 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

Matters on which we are required to report by exception

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
21 June 2016

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
REVENUE	2.	1,360,939	1,356,068
Operating Costs	2.	<u>(984,952)</u>	<u>(956,725)</u>
OPERATING SURPLUS	9.	375,987	399,343
Loss On Sale Of Housing Stock	7.	(28,163)	(29,494)
Interest Receivable and Other Income		718	794
Interest Payable and Similar Charges	8.	(105,340)	(106,861)
Other Finance Charges	11.	<u>(11,285)</u>	<u>(8,869)</u>
		(144,070)	(144,430)
SURPLUS FOR YEAR		<u>231,917</u>	<u>254,913</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>231,917</u>	<u>254,913</u>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016		2015	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		16,876,121		17,189,575
Other Non Current Assets	12.(b)		295,772		304,480
			<u>17,171,893</u>		<u>17,494,055</u>
CURRENT ASSETS					
Receivables	14.	14,247		11,828	
Investments	28.	100,041		100,000	
Cash at bank and in hand		579,734		593,651	
		<u>694,022</u>		<u>705,479</u>	
CREDITORS: Amounts falling due within one year	15.	<u>(238,309)</u>		<u>(252,518)</u>	
NET CURRENT ASSETS			<u>455,713</u>		<u>452,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			17,627,606		17,947,016
CREDITORS: Amounts falling due after more than one year	16.		<u>(4,035,591)</u>		<u>(4,203,064)</u>
DEFERRED INCOME					
Social Housing Grants	18.	<u>(11,586,790)</u>	<u>(11,586,790)</u>	<u>(11,970,640)</u>	<u>(11,970,640)</u>
NET ASSETS			<u>2,005,225</u>		<u>1,773,312</u>
EQUITY					
Share Capital	19.		193		197
Revenue Reserves			<u>2,005,032</u>		<u>1,773,115</u>
			<u>2,005,225</u>		<u>1,773,312</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 21 June 2016.

Chairperson

L Morgan

Committee Member

F Heine

Secretary

J. Reuston

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	17.	388,408	481,355
Investing Activities			
Acquisition and Construction of Properties	(178,622)	(46,547)	
Purchase of Other Fixed Assets	-	(8,940)	
Social Housing Grant Received	-	(13,358)	
Social Housing Grant Repaid	-	(262,286)	
Changes on short term deposits with banks	(41)	(100,000)	
Proceeds on Disposal of Properties	19,713	21,900	
Net Cash Outflow from Investing Activities		(158,950)	(409,231)
Financing Activities			
Interest Received on Cash and Cash Equivalents	718	794	
Interest Paid on Loans	(105,340)	(106,861)	
Loan Principal Repayments	(138,755)	(136,215)	
Share Capital Issued	2	3	
Net Cash Outflow from Financing		(243,375)	(242,279)
Decrease in Cash		(13,917)	(170,155)
Opening Cash & Cash Equivalents		593,651	763,806
Closing Cash & Cash Equivalents		579,734	593,651
Cash and Cash equivalents as at 31 March 2016.			
Cash		579,734	593,651
		579,734	593,651

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	202	1,518,202	1,518,404
Issue of Shares	3	-	3
Cancellation of Shares	(8)	-	(8)
Adjustment from transition to FRS 102	-	72,591	72,591
Surplus for Year	-	182,322	182,322
Balance as at 31st March 2015	197	1,773,115	1,773,312
Balance as at 1st April 2015	197	1,773,115	1,773,312
Issue of Shares	2	-	2
Cancellation of Shares	(6)	-	(6)
Surplus for Year	-	231,917	231,917
Balance as at 31st March 2016	193	2,005,032	2,005,225

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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

Revenue

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

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

Retirement Benefits

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

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

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

<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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Office Premises	- 2% Straight Line
Office Equipment	- 25% Straight Line

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

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

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

Estimation Uncertainty

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

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Useful life of properties, plant and equipment

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

Pension deficit creditor

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

b) The Categorisation of Housing Properties

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

c) Identification of cash generating units

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

Financial Instruments - Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2016			2015		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	1,342,691	966,176	376,515	1,335,141	935,798	399,343
Other Activities	4.	18,248	18,776	(528)	20,927	20,927	-
Total		1,360,939	984,952	375,987	1,356,068	956,725	399,343

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	2016 Total £	Restated 2015 Total £
Revenue from Lettings			
Rent Receivable Net of Service Charges	953,326	953,326	941,340
Gross income from rent and service charges	953,326	953,326	941,340
Less: Rent losses from voids	806	806	467
Net Rents Receivable	952,520	952,520	940,873
Grants released from deferred income	383,850	383,850	381,286
Revenue grants from Scottish Ministers	6,321	6,321	12,982
Total turnover from affordable letting activities	1,342,691	1,342,691	1,335,141
Expenditure on affordable letting activities			
Management and maintenance administration costs	324,931	324,931	320,253
Planned and cyclical maintenance, including major repairs	82,669	82,669	7,011
Reactive maintenance costs	112,157	112,157	175,542
Bad Debts - rents and service charges	2,219	2,219	330
Depreciation of affordable let properties	444,200	444,200	432,662
Operating costs of affordable letting activities	966,176	966,176	935,798
Operating surplus on affordable letting activities	376,515	376,515	399,343
2015		399,343	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 OFFICERS' EMOLUMENTS

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

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>61,928</u>	<u>61,807</u>
No Pension contributions were made to Officers receiving greater than £60,000		
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,350</u>	<u>6,256</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>61,928</u>	<u>61,807</u>
Total Compensation paid to key management personnel	<u>61,928</u>	<u>61,807</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	<u>1</u>	<u>1</u>

6 EMPLOYEE INFORMATION

	2016	2015
	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	152,567	148,023
Social Security Costs	14,088	14,037
Other Pension Costs	17,141	15,213
Temporary, Agency and Seconded Staff	-	9,443
	<u>183,796</u>	<u>186,717</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	19,713	21,900
Cost of Sales	<u>47,876</u>	<u>51,394</u>
Loss On Sale Of Housing Stock	<u>(28,163)</u>	<u>(29,494)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>105,340</u>	<u>106,861</u>
	<u>105,340</u>	<u>106,861</u>

9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	452,908	441,370
Auditors' Remuneration - Audit Services	7,683	6,300
Operating Lease Rentals - Other	658	658
Gain on sale of assets	<u>(28,163)</u>	<u>(29,494)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>11,285</u>	<u>8,869</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2015	22,040,827	22,040,827
Additions	178,622	178,622
Disposals	(247,315)	(247,315)
As at 31st March 2016	<u>21,972,134</u>	<u>21,972,134</u>
DEPRECIATION		
As at 1st April 2015	4,851,252	4,851,252
Charge for Year	444,200	444,200
Disposals	(199,439)	(199,439)
As at 31st March 2016	<u>5,096,013</u>	<u>5,096,013</u>
NET BOOK VALUE		
As at 31st March 2016	<u>16,876,121</u>	<u>16,876,121</u>
As at 31st March 2015	<u>17,189,575</u>	<u>17,189,575</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £178,622 (2015 £46,547)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £208,151. The amount capitalised is £178,622, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £178,622 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £16,102,832 (2015 - £16,397,343).

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets			
	Office Premises £	Office Furniture & Equipment £	Total £
COST			
As at 1st April 2015	323,668	8,940	332,608
As at 31st March 2016	323,668	8,940	332,608
AGGREGATE DEPRECIATION			
As at 1st April 2015	25,893	2,235	28,128
Charge for year	6,473	2,235	8,708
As at 31st March 2016	32,366	4,470	36,836
NET BOOK VALUE			
As at 31st March 2016	291,302	4,470	295,772
As at 31st March 2015	297,775	6,705	304,480

13. COMMITMENTS UNDER OPERATING LEASES

	2016	2015
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Later than one year and not later than five years	1,480	2,138

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 RECEIVABLES

	2016	2015
	£	£
Arrears of Rent & Service Charges	10,647	10,344
Less: Provision for Doubtful Debts	(6,262)	(6,262)
	<u>4,385</u>	<u>4,082</u>
Other Receivables	9,862	7,746
	<u>14,247</u>	<u>11,828</u>

15 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Housing Loans	144,000	135,500
Trade Payables	25,473	7,175
Rent in Advance	30,668	31,925
Other Payables	-	25,218
Liability for Past Service Contributions	31,017	29,988
Accruals and Deferred Income	7,151	22,712
	<u>238,309</u>	<u>252,518</u>

At the balance sheet date there were pension contributions outstanding of £nil (2015 £nil)

16 PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Liability for Past Service Contributions	149,157	169,375
Housing Loans	3,886,434	4,033,689
	<u>4,035,591</u>	<u>4,203,064</u>
<i>Housing Loans</i>		
Amounts due within one year	144,000	135,500
Amounts due in one year or more but less than two years	147,000	138,000
Amounts due in two years or more but less than five years	459,000	429,000
Amounts due in more than five years	3,280,434	3,466,689
	<u>4,030,434</u>	<u>4,169,189</u>
Less: Amount shown in Current Liabilities	144,000	135,500
	<u>3,886,434</u>	<u>4,033,689</u>

Liability for Past Service Contributions

Amounts due within one year	31,017	29,988
Amounts due in one year or more but less than two years	30,120	29,819
Amounts due in two years or more but less than five years	91,003	85,592
Amounts due in more than five years	28,035	53,963
	<u>180,174</u>	<u>199,363</u>

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

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Clydesdale	Standard Security over 111 properties	LIBOR + 1.02%	2027	Variable
Nationwide	Standard Security over 34 properties	3.64%	2029	Variable
RBS	Standard Security over 140 properties	LIBOR +2%	2040	Variable

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

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.635% (2015 - 3.582%)

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	375,987	399,343
Depreciation	452,908	441,370
Amortisation of Capital Grants	(383,850)	(381,286)
Change in debtors	(2,419)	5,245
Change in creditors	(42,927)	25,560
Unwinding of Discount on Pension Liability	(11,285)	(8,869)
Share Capital Written Off	(6)	(8)
Balance as at 31st March 2016	<u>388,408</u>	<u>481,355</u>

18. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	11,970,640	12,351,926
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(383,850)	(381,286)
Balance as at 31st March 2016	<u>11,586,790</u>	<u>11,970,640</u>

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

	2016 £	2015 £
Amounts due within one year	383,850	381,286
Amounts due in one year or more	11,202,940	11,589,354
	<u>11,586,790</u>	<u>11,970,640</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	197
Issued in year	2
Cancelled in year	(6)
At 31st March 2016	<u>193</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
General Needs - New Build	No. 285	No. 286
	<u>285</u>	<u>286</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 RELATED PARTY TRANSACTIONS

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

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.

Transactions with governing body members (and their close family) were as follows:

Rent Received from Tenants on the Committee	£ 40,895
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At the year end total rent arrears owed by the tenant members of the Committee were £376

22 INVESTMENTS

The Association participates in a shared equity arrangement at 31 March 2016. At this date the Association has expended £1,837,511 on shared equity properties.

23 DETAILS OF ASSOCIATION

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

The Association's principal place of business is 1 Blochairn Road, Royston, Glasgow.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Royston.

24 GOVERNING BODY MEMBER EMOLUMENTS

Board members received £nil in the year by way of reimbursement of expenses.(2015 - £nil). No remuneration is paid to Board members in respect of their duties in the Association.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

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.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

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

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

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £33,678 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £180,174 (2015 - £199,363). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.635%.

The Association made payments totalling £31,521 (2015: £30,633) to the pension scheme during the year.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves							
At 31 March 2015				At 31 March 2014			
Note	As previously Stated	Effect of Transition	As Restated	As			
				previously Stated	Effect of Transition	As Restated	
	£	£	£	£	£	£	£
Non Current Assets	(i)	4,824,071	12,669,984	17,494,055	4,918,794	12,997,842	17,916,636
Current Assets		705,479	-	705,479	808,488	-	808,488
Current Liabilities	(ii)	(222,530)	(29,988)	(252,518)	(468,611)	(29,586)	(498,197)
Non Current Liabilities	(ii)	(4,078,227)	(124,837)	(4,203,064)	(4,212,195)	(144,445)	(4,356,640)
Deferred Income	(i)	-	(11,970,640)	(11,970,640)	-	(12,351,926)	(12,351,926)
		1,228,793	544,519	1,773,312	1,046,476	471,885	1,518,361
Capital & Reserves		(1,228,793)	(544,519)	(1,773,312)	(1,046,476)	(471,885)	(1,518,361)

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated	Effect of Transition	As Restated	
	£	£	£	£
Revenue	(i)	974,782	381,286	1,356,068
Operating Costs	(i) & (ii)	(689,109)	(267,616)	(956,725)
Other Income		1,162	(30,656)	(29,494)
Interest Receivable		794	-	794
Interest Payable		(105,307)	(1,554)	(106,861)
Other Finance Income / Costs		-	(8,869)	(8,869)
		182,322	72,591	254,913
Surplus		182,322	72,591	254,913

Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs. In addition to this the Association has an interest rate swap which was previously unrecognised, but now requires to be recognised at its fair value under FRS 102 Section 12.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A