



Alexander Sloan
Accountants and Business Advisers

Blochairn Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.HAC223

FCA Reference No. 2341R(S)

Scottish Charity No. SC040816

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	5
REPORT OF THE AUDITORS	6
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CASHFLOWS	10
STATEMENT OF CHANGES IN EQUITY	11
NOTES TO THE FINANCIAL STATEMENTS	12

BLOCHAIRN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

Lynsey Morgan	Chairperson
Joan Reuston	Vice Chairperson
Rosemary Cairns	Secretary
John Murray	
Frances Tierney	
Olga Vassiljeva	
Manal Eshellli	
Susan Aktamel	Co-optee, appointed 16 August 2016
Pamela Connell	Appointed 28 June 2016, resigned 20 September 2016
Andy Duffus	Co-optee, appointed 16 August 2016
Janice Forest	Appointed 28 June 2016, resigned 24 March 2017
Anne Gregory	Resigned 24 May 2016
Michelle Moore	Appointed 28 June 2016
Deborah Olawuyi	Resigned 24 January 2017

EXECUTIVE OFFICERS

Michael Carberry	Director
------------------	----------

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

BANKERS

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

SOLICITORS

Naftalin, Duncan & Co
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 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

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 2017 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 26 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. A further Tenant Satisfaction Survey will be carried out later in 2017.

The UK government's Welfare Reforms, in April 2013, led to a cautious approach to budgeting. However, the impact of reform has been limited. Tenants pay their rent, albeit with the aid of Discretionary Housing Payment. Staff have managed the situation well and the Association's interests have been protected. Funding has been obtained to provide additional support services for residents which have been well received.

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 86% of tenants in 2016.

The Association was instrumental in establishing the Royston Strategy Group (community owned organisations, Glasgow City Council, Local Councillors and MSP's) in 2014. The Group continues to strive for a strategic approach to complete the regeneration of the wider Royston area to protect the public investment already made. Several community projects are in the pipeline with £400k being obtained from the Scottish Land Fund and Glasgow City Council to return land into community ownership.

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 2017

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 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 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 members of 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 2017

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 Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. 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 £550 (2015: £560).

Auditors

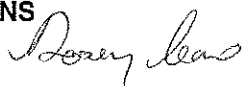
A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

ROSEMARY CAIRNS

Secretary

20 June 2017



BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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.

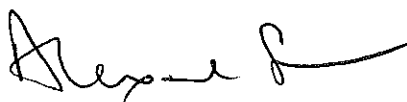
Basis of Opinion

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 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 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
Chartered Accountants
Statutory Auditors
GLASGOW
20 June 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Blochairn Housing Association Limited for the year ended 31st March 2017 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 standards 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 Financial Reporting Council's (FRC) 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 2017 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
Chartered Accountants
Statutory Auditors
GLASGOW
20 June 2017



Alexander Sloan
Accountants and Business Advisers

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
REVENUE	2.	1,364,451	1,360,939
Operating Costs	2.	(983,127)	(984,952)
OPERATING SURPLUS	9.	381,324	375,987
Loss On Sale Of Housing Stock	7.	-	(28,163)
Interest Receivable and Other Income		618	718
Interest Payable and Similar Charges	8.	(96,956)	(105,340)
Other Finance Charges	10.	(22,214)	(11,285)
		(118,552)	(144,070)
Surplus on ordinary activities before taxation		262,772	231,917
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		262,772	231,917

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 2017

	Notes	2017		2016
		£	£	£
NON-CURRENT ASSETS				
Housing Properties - Depreciated Cost	11.(a)		16,462,881	16,876,120
Other Non Current Assets	11.(c)		287,761	295,772
			<u>16,750,642</u>	<u>17,171,892</u>
CURRENT ASSETS				
Receivables	13.	19,779		14,247
Investments	22.	100,000		100,000
Cash at bank and in hand		757,436		579,776
		<u>877,215</u>		<u>694,023</u>
CREDITORS: Amounts falling due within one year	14.	(250,822)		(238,309)
			<u>626,393</u>	<u>455,714</u>
NET CURRENT ASSETS				
			<u>17,377,035</u>	<u>17,627,606</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
CREDITORS: Amounts falling due after more than one year	15.		(3,871,472)	(4,035,591)
DEFERRED INCOME				
Social Housing Grants	17.	(11,237,559)		(11,586,790)
			<u>(11,237,559)</u>	<u>(11,586,790)</u>
NET ASSETS				
			<u>2,268,004</u>	<u>2,005,225</u>
EQUITY				
Share Capital	18.		200	193
Revenue Reserves			2,267,804	2,005,032
			<u>2,268,004</u>	<u>2,005,225</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 20 June 2017.

Chairperson

L Morgan

Vice Chairperson

J. Reustan

Secretary

Rosemary Cow

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 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	16.	448,333	388,408
Investing Activities			
Acquisition and Construction of Properties		(29,136)	(178,621)
Purchase of Other Fixed Assets		(929)	-
Changes on short term deposits with banks		-	-
Proceeds on Disposal of Properties		-	19,713
Net Cash Outflow from Investing Activities		(30,065)	(158,908)
Financing Activities			
Interest Received on Cash and Cash Equivalents		618	718
Interest Paid on Loans		(96,956)	(105,340)
Loan Principal Repayments		(144,285)	(138,755)
Share Capital Issued		15	2
Net Cash Outflow from Financing		(240,608)	(243,375)
Increase / (decrease) in Cash		177,660	(13,875)
Opening Cash & Cash Equivalents		579,776	593,651
Closing Cash & Cash Equivalents		757,436	579,776
Cash and Cash equivalents as at 31 March 2017.			
Cash		757,436	579,776
Bank overdraft		-	-
		757,436	579,776

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
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 31 March 2016	<u>193</u>	<u>2,005,032</u>	<u>2,005,225</u>
Balance as at 1st April 2016	193	2,005,032	2,005,225
Issue of Shares	15		15
Cancellation of Shares	(8)		(8)
Other comprehensive income - pension scheme		-	-
Surplus for Year		262,772	262,772
Balance as at 31 March 2017	<u>200</u>	<u>2,267,804</u>	<u>2,268,004</u>

The reserves opening balance at 1st January 2015 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 2017

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.

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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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 participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association still has a liability for past service costs contrubtions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides 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 a 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 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.

Component	Useful Economic Life
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 2017

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%
Office Equipment	-25%

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 Blochairn Housing Association Limited 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:

a) 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.

b) 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.

c) 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 assessment.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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) 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.

b) 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.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

In March 2017 the Association received details from the Pension Trust of the final 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 Management Committee feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2017			2016		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	1,347,220	965,896	381,324	1,342,691	966,176	376,515
Other Activities	4.	17,231	17,231	-	18,248	18,776	(528)
Total		1,364,451	983,127	381,324	1,360,939	984,952	375,987

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	2017 Total £	2016 Total £
Revenue from Lettings			
Rent Receivable Net of Service Charges	973,232	973,232	953,326
Gross income from rent and service charges	973,232	973,232	953,326
Less: Rent losses from voids	701	701	806
Net Rents Receivable	972,531	972,531	952,520
Grants released from deferred income	349,230	349,230	383,850
Revenue grants from Scottish Ministers	25,459	25,459	6,321
Total turnover from affordable letting activities	1,347,220	1,347,220	1,342,691
Expenditure on affordable letting activities			
Management and maintenance administration costs	329,633	329,633	324,931
Planned and cyclical maintenance, including major repairs	66,646	66,646	82,669
Reactive maintenance costs	126,423	126,423	112,157
Bad Debts - rents and service charges	818	818	2,219
Depreciation of affordable let properties	442,376	442,376	444,200
Operating costs of affordable letting activities	965,896	965,896	966,176
Operating surplus on affordable letting activities	381,324	381,324	376,515
2016			376,515

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From		Other	Income	Total Turnover	Operating Costs		Other	Operating Surplus / (Deficit)	2017	2016
	Scottish Ministers	£				£	£				
Factoring	-	17,231	-	17,231	17,231	-	-	17,231	-	-	(528)
Total From Other Activities	-	17,231	-	17,231	17,231	-	-	17,231	-	-	(528)
2016	-	18,248	-	18,248	18,248	-	-	18,776	(528)		

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>62,211</u>	<u>61,928</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,413</u>	<u>6,350</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>62,211</u>	<u>61,928</u>
Total Emoluments paid to key management personnel	<u>62,211</u>	<u>61,928</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

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>4</u>	<u>4</u>
The average total number of Employees employed during the year was	<u>4</u>	<u>4</u>
Staff Costs were:	£	£
Wages and Salaries	147,038	152,567
Social Security Costs	8,153	14,088
Other Pension Costs	<u>16,381</u>	<u>17,141</u>
	<u>171,572</u>	<u>183,796</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	-	19,713
Cost of Sales	-	47,876
Loss On Sale Of Housing Stock	-	(28,163)

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	96,956	105,340

Included within the above interest charges is an adjustment in respect of the Effective Interest Rate of £2,273 (2015/16 - £2,766).

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	451,316	452,908
Auditors' Remuneration - Audit Services	7,000	7,683
Auditors' Remuneration - Other Services	1,000	-
Operating Lease Rentals - Other	658	658
Gain on sale of fixed assets	-	(28,163)

10. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	22,214	11,285

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2016	21,972,134	21,972,134
Additions	29,136	29,136
Disposals	(31,299)	(31,299)
Schemes Completed	-	-
As at 31st March 2017	<u>21,969,971</u>	<u>21,969,971</u>
DEPRECIATION		
As at 1st April 2016	5,096,013	5,096,013
Charge for Year	442,376	442,376
Disposals	(31,299)	(31,299)
As at 31st March 2017	<u>5,507,090</u>	<u>5,507,090</u>
NET BOOK VALUE		
As at 31st March 2017	<u>16,462,881</u>	<u>16,462,881</u>
As at 31st March 2016	<u>16,876,121</u>	<u>16,876,121</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £29,131 (2016 - £178,622)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £47,815. The amount capitalised is £29,131, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £29,131 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £15,708,535 (2016 - £16,102,832).

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)

c) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2016	323,668	8,940	332,608
Additions	-	929	929
Eliminated on Disposals	-	-	-
	<u>323,668</u>	<u>9,869</u>	<u>333,537</u>
As at 31st March 2017			
AGGREGATE DEPRECIATION			
As at 1st April 2016	32,366	4,470	36,836
Charge for year	6,473	2,467	8,940
Eliminated on disposal	-	-	-
	<u>38,839</u>	<u>6,937</u>	<u>45,776</u>
As at 31st March 2017			
NET BOOK VALUE			
As at 31st March 2017	<u>284,829</u>	<u>2,932</u>	<u>287,761</u>
As at 31st March 2016	<u>291,302</u>	<u>4,470</u>	<u>295,772</u>

12. COMMITMENTS UNDER OPERATING LEASES

	2017	2016
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	658	658
Later than one year and not later than five years	164	822
Later than five years	-	-
	<u>822</u>	<u>1480</u>

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Arrears of Rent & Service Charges	12,000	10,647
Less: Provision for Doubtful Debts	(6,262)	(6,262)
	<u>5,738</u>	<u>4,385</u>
Other Receivables	14,041	9,862
	<u>19,779</u>	<u>14,247</u>

14. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	152,000	144,000
Trade Payables	18,456	25,473
Rent in Advance	32,660	30,668
Other Payables	6,686	-
Liability for Past Service Contributions	33,678	31,017
Accruals and Deferred Income	7,342	7,151
	<u>250,822</u>	<u>238,309</u>

At the balance sheet date there were pension contributions outstanding of £nil (2016 £nil).

15. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contributions	137,322	149,157
Housing Loans	3,734,150	3,886,434
	<u>3,871,472</u>	<u>4,035,591</u>
Housing Loans		
Amounts due within one year	152,000	144,000
Amounts due in one year or more but less than two years	157,500	147,000
Amounts due in two years or more but less than five years	505,500	459,000
Amounts due in more than five years	3,071,150	3,280,434
	<u>3,886,150</u>	<u>4,030,434</u>
Less: Amount shown in Current Liabilities	152,000	144,000
	<u>3,734,150</u>	<u>3,886,434</u>
Liability for Past Service Contributions		
Amounts due within one year	33,678	31,017
Amounts due in one year or more but less than two years	33,796	30,120
Amounts due in two years or more but less than five years	103,526	91,003
Amounts due in more than five years	-	28,034
	<u>171,000</u>	<u>180,174</u>
Less: Amount shown in Current Liabilities	33,678	31,017
	<u>137,322</u>	<u>149,157</u>

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

The Association has several long term loans, the terms and conditions of which are as follows; £3,695,4228 at Libor plus a margin (1% - 2%) secured over 251 properties and £186,721 at the lender's mortgage rate secured over 34 properties, all expiring between 2017 and 2040.

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 1.06% (2015 - 2.635%)

	£	£
Due to lenders at the year end	3,925,198	4,072,207
Effective interest rate adjustment	(39,049)	(791,773)
	<u>3,886,149</u>	<u>3,280,434</u>

Loans at amortised cost using the effective interest rate

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

	2017 £	2016 £
<i>Reconciliation of operating surplus to balance as at 31 march 2017</i>		
Operating Surplus	381,324	375,987
Depreciation	451,316	452,908
Amortisation of Capital Grants	(349,231)	(383,850)
Change in debtors	(5,532)	(2,419)
Change in creditors	(7,322)	(42,927)
Unwinding of Discount on Pension Liability	(22,214)	(11,285)
Share Capital Written Off	(8)	(6)
Balance as at 31 March 2017	<u>448,333</u>	<u>388,408</u>

17. DEFERRED INCOME

	Housing Properties Held for Letting £	Total £
Social Housing Grants		
Balance as at 1st April 2016	16,381,470	16,381,470
Additions in the year	-	-
Balance as at 31st March 2017	<u>16,381,470</u>	<u>16,381,470</u>
Amortisation		
Balance as at 1st April 2016	4,794,680	4,794,680
Amortisation in year	349,231	349,231
Balance as at 31st March 2017	<u>5,143,911</u>	<u>5,143,911</u>
Net book value		
Balance as at 31st March 2017	<u>11,237,559</u>	<u>11,237,559</u>
Balance as at 31st March 2016	<u>11,586,790</u>	<u>11,586,790</u>
Total grants net book value as at 31 March 2017	<u>11,237,559</u>	<u>11,237,559</u>

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

	2017 £	2016 £
Amounts due within one year	349,231	383,850
Amounts due after more than one year	10,888,328	11,202,940
	<u>11,237,559</u>	<u>11,586,790</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	193
Issued in year	15
Cancelled in year	(8)
At 31st March 2017	<u>200</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.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017 No.	2016 No.
General Needs - Built by Association	<u>285</u>	<u>285</u>
	<u>285</u>	<u>285</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 102

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length is under normal commercial terms.

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

	£
Rent and factoring received from Tenants on the Committee and their close family members	35,228
Factoring Charges received from owners on the Committee	707

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £2,374

21. 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 Blochairn, Glasgow.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. INVESTMENTS

	2017	2016
	£	£
Short term deposits	100,000	100,000

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

General

Blochairn Housing Association Limited participated 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 Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit 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 final 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.

All employers 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 statement of financial position date the present value of this obligation was £171000 (2016 - £180174). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06%.

The Association made payments totalling £33678 (2016: £31017) to the pension scheme during the year.