

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2011

Registered Housing Association No. HAC223

Financial Services Authority No. 2341R(S)

Charity No: SC040816

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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Registration particulars:

Financial Services Authority

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

Scottish Housing Regulator

Housing (Scotland) Act 2001
Registered Number: HAC223

Scottish Charities

Charity and Trustee Investment Act (Scotland) 2005
Scottish Charity Number SC 040816

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2011

The Management Committee present their report and audited financial statements for the year ended 31 March 2011.

Principal activity

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

Business review

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

Blochairn made a surplus of £89,358 during the year compared to a deficit of £20,746 in the year to 31 March 2010. The total expenditure on major repairs, expensed in the year amounted to £89,091. This compares with £184,426 for similar expenditure in the previous year. This expenditure is written off in the year it is incurred and not capitalised.

Despite this expenditure Blochairn is in a strong financial position with over £650k deposited as cash funds. Blochairn continues to have a significant major repair investment programme over the next few years. We have also provided substantial funds over the next five years to meet our commitments under the Scottish Housing Quality Standards. Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years.

Surplus for the year and transfers

The results for the year are shown in the income and expenditure account on page 11. The surplus for the year of £89,358 (2010: deficit £20,746) has been dealt with as follows:

	£
Surplus for year after tax	89,358
Transfers to designated reserves	-
Future repairs reserve	-
Transferred to revenue reserve	89,358

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2011

Members of Management Committee

The members of the Management Committee of the Association during the year to 31 March 2011 were as follows:

Joan Reuston	Chairperson	Selina Kelly	(appointed 29.6.10)
Mary Gibb	Secretary	Paul McCann	(appointed 29.6.10)
Mary Carey	(resigned 16.6.10)		(resigned 15.3.11)
Denise Doherty	(resigned 15.6.10)	Jean O'Neill	(appointed 26.6.10)
Anne Gregory		Scott Graham	(appointed 29.6.10)
Mary Kelly			(resigned 19.10.10)
John Murray		Joe McCready	(appointed 29.6.10)
Marion Reilly			(resigned 19.10.10)
Jean Taylor	(resigned 21.9.10)	Marie Robertson	(appointed 29.6.10)
William Kerr			(resigned 16.11.10)

Fixed assets

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

Corporate Governance

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

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

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2011

Maintenance policies

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

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

Treasury Management

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

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are detailed on pages 7 and 8.

Quality and Integrity of Personnel

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

Management Structure

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2011

Budgetary Process

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

Rental Income

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

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

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

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Disabled Employees

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

Credit Payment Policy

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2011

Future developments

The Association intends to continue with its policy of improving the quality of housing within its area of operation. The Association is building a new office building plus 101 houses on the former Roads Department Depot Site on Blochairn Road of which 30 units are held for sale under the shared equity scheme. Work began in January 2010 and should be completed in July 2011.

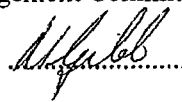
Information for auditors

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

Auditors

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

On behalf of the Management Committee

Name: 

Date: 21-06-11

BLOCHAIRN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

YEAR ENDED 31 MARCH 2011

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

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

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

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

YEAR ENDED 31 MARCH 2011

(continued)

The Management Committee have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2011 and until the below date. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Management Committee

Name: M. G. G. G.

Date: 21-06-11

BLOCHAIRN HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

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

Basis of Opinion

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

Opinion

In our opinion the statement on internal financial control on pages 7 and 8 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 28/6/11

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

We have audited the financial statements of Blochairn Housing Association Limited for the year ended 31 March 2011 on pages 11 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Committee and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditor

Breckenridge House

274 Sauchiehall Street

GLASGOW

G2 3EH

Date: *08/01/11*

BLOCHAIRN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	616,400	599,052
Operating Costs	2	<u>(505,774)</u>	<u>(591,385)</u>
Operating surplus		110,626	7,667
Interest receivable		2,587	5,462
Interest payable	4	(26,577)	(32,080)
Profit on sale of fixed assets		2,722	-
Surplus/(Deficit) on ordinary activities before tax		<u>89,358</u>	<u>(18,951)</u>
Corporation tax	5	-	(1,795)
Surplus/(Deficit) for year after tax	15	<u><u>89,358</u></u>	<u><u>(20,746)</u></u>

There are no recognised gains and losses in 2011 and 2010 other than the surplus/(deficit) for the year.

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	£	2011 £	2010 £
Tangible Fixed Assets				
Housing properties				
- Gross cost less depreciation	6		21,047,612	15,927,766
Less: Housing Association and other Grant	6		(17,016,557)	(14,540,880)
			<hr/>	<hr/>
			4,031,055	1,386,886
Other Fixed Assets	6		202,482	7,291
			<hr/>	<hr/>
			4,233,537	1,394,177
Current Assets				
Stock	7	1,297,244		-
Debtors	8	368,605		156,612
Cash at bank and in hand		<u>659,547</u>		<u>668,431</u>
		2,325,396		825,043
Creditors: Amounts falling due within one year	9	<u>(1,319,021)</u>		<u>(427,729)</u>
Net Current Assets			<u>1,006,375</u>	<u>397,314</u>
Total assets less current liabilities			5,239,912	1,791,491
Creditors: Amounts falling due after more than one year	10		<u>(4,571,452)</u>	<u>(1,212,398)</u>
			<u>668,460</u>	<u>579,093</u>
Capital and reserves				
Share capital	14		175	166
Revenue reserve	15		294,535	205,177
Designated reserves	16		<u>373,750</u>	<u>373,750</u>
Total Funds	13		<u>668,460</u>	<u>579,093</u>

These financial statements were approved by the Committee of Management and authorised for issue on 21-06-11 and signed on their behalf by:

Committee Member: *John Murray*

Committee Member: *NK*

Secretary: *M. G. G. G.*

BLOCHAIRN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	17	(1,066,850)	244,254
Return on investments and servicing of finance			
Interest received		2,587	5,462
Interest paid		(26,577)	(32,080)
Net cash (outflow) from returns on Investments & servicing of finance		(23,990)	(26,618)
Taxation			
Corporation Tax paid		(1,114)	(3,160)
		(1,114)	(3,160)
Capital Expenditure and Financial Investment			
Payments for the purchase and development of property	(5,405,208)		(1,372,629)
HAG received	2,523,787		1,373,091
Proceeds of sale of fixed assets	9,987		-
Purchase of equipment	-		(3,759)
Net cash (outflow) from capital expenditure and financial investment		(2,871,434)	(3,297)
Net cash (outflow)/inflow before financing		(3,963,388)	211,179
Financing			
Loans received	4,041,314		-
Loans repaid	(86,811)		(50,949)
Net cash inflow/(outflow) from financing		3,954,503	(50,950)
(Decrease)/Increase in cash and cash equivalents	17	(8,885)	160,229

Further details are given in note 17

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. Principal accounting policies

Basis of Accounting

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

Turnover

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

Housing Association Grants

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

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

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

Finance

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

Mortgages

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

Fixed assets - Housing land and buildings

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

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

Other fixed assets

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

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

No depreciation is charged for the office building which is in construction in the year ended 31 March 2011

Housing, land and buildings - depreciation

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

Improvements

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

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

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

Impairment of fixed assets

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

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

Designated reserves

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

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

Apportionment of management expenses

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

Pensions

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

Lease obligations

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

Sale of housing properties

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

Property development cost

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

BLOCHAIRN HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2011****(Continued)****2. Particulars of turnover, operating costs, operating surplus or deficit**

	Turnover £	Operating Costs £	Operating Surplus £	Operating Surplus 2010 £
Social lettings	612,150	505,774	106,376	3,912
Other Activities	4,250	-	4,250	3,755
Total	616,400	505,774	110,626	7,667
2010	599,052	591,385	7,667	

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

3a. Particulars of income and expenditure from lettings

	General Needs Housing £	Shared Ownership £	Supported Housing £	2011 Total £	2010 Total £
Lettings					
Rent receivable net of Service Charges	603,938	-	-	603,938	596,114
Service charges	-	-	-	-	-
Gross Income from rents and services charges	603,938	-	-	603,938	596,114
Less: Voids	(958)	-	-	(958)	(817)
Net income from rents and service charges	602,980	-	-	602,980	595,297
Revenue Grants	9,170	-	-	9,170	-
Total turnover from social letting activities	612,650	-	-	612,150	595,297
Expenditure on Letting Activities					
Management and maintenance administration costs	275,414	-	-	275,414	267,061
Service costs	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	89,091	-	-	89,091	184,426
Reactive maintenance	98,168	-	-	98,168	108,143
Bad debts –rents and service charges	8,305	-	-	8,305	1,597
Depreciation of social housing	34,796	-	-	34,796	30,158
Operating costs for social letting activities	505,774	-	-	505,774	591,385
Operating surplus for social lettings	106,376	-	-	106,376	3,912

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2010 - £Nil).

The total amount of major repairs expenditure incurred in the year was £98,168 (2010- £184,426). No major repairs were capitalised.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

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

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or deficit</i>	<i>Operating surplus or deficit for previous period of account</i>
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	3,500	3,500	-	-	3,500	3,755
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Development for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	750	750	-	-	750	-
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	-	-	4,250	4,250	-	-	4,250	3,755
2010	-	-	-	3,755	3,755	-	-	3,755	

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

4. Interest payable	2011	2010
	£	£
Total interest incurred	75,263	32,080
Interest capitalised	(48,686)	-
	<u>26,577</u>	<u>32,080</u>

5. Taxation

Blochairn Housing Association obtained charitable status in 2009/10 and therefore is exempt from corporation tax. In 2009/10, a tax charge of £1,795 was charged relating to the pro-rated period before charitable status was obtained.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

6. Tangible fixed assets

Housing Properties

	Housing Properties Held for Letting £	Housing Properties in Course of Construction £	Total £
Cost			
As at 1 April 2010	13,595,163	2,569,661	16,164,824
Additions	-	5,205,208	5,205,208
Disposals	(57,298)	-	(57,298)
As at 31 March 2011	<u>13,537,865</u>	<u>7,774,869</u>	<u>21,312,734</u>
Depreciation			
As at 1 April 2010	237,058	-	237,058
Charge for year	29,987	-	29,987
Disposals	(1,923)	-	(1,923)
As at 31 March 2011	<u>265,122</u>	<u>-</u>	<u>265,122</u>
Housing Association and Other Grant			
As at 1 April 2010	11,973,757	2,567,123	14,540,880
Additions	-	2,523,787	2,523,787
Disposals	(48,110)	-	(48,110)
31 March 2011	<u>11,925,647</u>	<u>5,090,910</u>	<u>17,016,557</u>
Net book value			
31 March 2011	<u>1,347,096</u>	<u>2,683,959</u>	<u>4,031,055</u>
31 March 2010	<u>1,384,348</u>	<u>2,538</u>	<u>1,386,886</u>

Development administration costs capitalised amounts to £nil (2010 - £Nil) for which £Nil Housing Association Grant was received (2010- £Nil). None of the Association's land or properties is held under a lease.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(Continued)

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

	Office in construction	Office Improvements	Fixtures & Fittings	Office Equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2010	-	15,422	34,081	52,410	101,913
Additions	200,000	-	-	-	200,000
As at 31 March 2011	200,000	15,422	34,081	52,410	301,913
Depreciation					
As a 1 April 2010	-	14,707	34,081	45,834	94,622
Charge for year	-	715	-	4,094	4,809
As at 31 March 2011	-	15,422	34,081	49,928	99,431
Net book value					
31 March 2011	200,000	-	-	2,482	202,482
31 March 2010	715	715	-	6,576	7,291

7. Stock – Shared Equity

	2011 £	2010 £
Cost of developing properties	3,457,161	-
Grant received to develop properties	(2,159,917)	-
	<u>1,297,244</u>	<u>-</u>
Blochairn place development	<u>1,297,244</u>	<u>-</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

8. Debtors	2011	2010
	£	£
Rent arrears	40,793	44,395
Less: bad debt provision	(3,994)	(3,994)
	<u>36,799</u>	<u>40,401</u>
Prepayments and accrued income	7,082	55,415
Other debtors	4,305	9,304
Development funding receivable	<u>320,419</u>	<u>51,492</u>
	<u>368,605</u>	<u>156,612</u>

9. Creditors: Amounts falling due within one year

Bank loans and overdrafts (Note 10)	645,622	50,172
Trade creditors	14,026	17,660
Corporation Tax	-	1,114
Grant in advance	128,455	342,131
Accruals and deferred income	528,372	13,866
Rent in advance	2,288	2,655
Other Creditors	<u>258</u>	<u>131</u>
	<u>1,319,021</u>	<u>427,729</u>

10. Creditors: Outwith one year

Loans	<u>4,571,452</u>	<u>1,212,398</u>
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Loans secured by specific charges on the Association's properties

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 1.45% - 4.84% (2010 – 1.1 % to 4.84 %) in instalments due as follows:

In one year or less or on demand (Note 9)	645,622	50,172
Between two and five years	643,024	150,517
In five years or more	<u>3,928,427</u>	<u>1,061,881</u>
	<u>5,217,074</u>	<u>1,262,570</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

11. Employees	2011 £	2010 £
Staff costs during year		
Wages and salaries	134,648	125,007
Social security costs	11,159	10,016
Pension costs	17,124	17,109
Temporary, seconded and agency staff costs	8,000	7,600
	<u>170,931</u>	<u>159,732</u>
The average full time equivalent number of persons employed by the Association during the year were as follows:	No	No
Administration	<u>4</u>	<u>4</u>
The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments exceed £60,000 per year. No Director has emoluments over £60,000.		
Emoluments payable to Highest Paid Director (Excluding pension contributions)	<u>56,561</u>	<u>54,831</u>
The Association's contributions for the Director in the year amounted to £8,331 (2010 - £8,147).		
No member of the Committee of Management received any emoluments in respect of their services to the Association.		
12. Auditors' Remuneration		
The remuneration of the auditors (including expenses and excluding VAT for the year)	5,500	5,300
Remuneration of the auditors in respect of services other than those as auditors from entities related to Baker Tilly UK Audit LLP	<u>-</u>	<u>-</u>
	<u>5,500</u>	<u>5,300</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

13. Reconciliation of shareholders' funds

	2011	2010
	£	£
Opening shareholders' funds	597,093	599,849
Surplus/(Deficit) for the year after tax	89,358	(20,746)
Increase/(Decrease) in share capital	9	(10)
Closing shareholders' funds	668,460	579,093

14. Share Capital

At 1 April	166	176
Shares issued	9	-
Shares cancelled	-	(10)
At 31 March	175	166

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.

15. Revenue reserve

At 1 April	205,177	225,923
Surplus/(Deficit) for the year	89,358	(20,746)
At 31 March	294,535	205,177

16. Designated reserves

Future Repairs

At 1 April	373,750	373,750
Transfer from income & expenditure account	-	-
At 31 March	373,750	373,750

Proposed major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set-aside in a designated reserve to the extent that it is not met from HAG. Expected spend on major repairs in the next 12 months is expected to be £374k.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

17. Cash flow statement	2011	2010
	£	£
Reconciliation of surplus/(deficit) to net cash inflow from operating activities		
Surplus/(deficit)	89,358	(18,951)
Interest receivable	(2,587)	(5,462)
Interest Payable	26,577	32,080
	<u>113,348</u>	<u>7,667</u>
Depreciation charges	34,796	34,126
(Increase) in debtors	(211,993)	(101,112)
Gain on sale	(2,722)	-
Increase in creditors	296,956	303,583
Shares issued (cancelled)	9	(10)
(Increase) in stock	<u>(1,297,244)</u>	<u>-</u>
Net cash (outflow)/inflow from operating activities	<u>(1,066,850)</u>	<u>244,254</u>
Reconciliation of net cash flow to movements in net debt		
(Decrease) in cash for the year	(8,885)	160,229
Loans received	(4,041,314)	-
Loan repayments	<u>86,811</u>	<u>50,950</u>
Change in net debt	(3,963,388)	211,179
Net debt as at 31 March 2010	<u>(594,139)</u>	<u>(805,318)</u>
Net debt as at 31 March 2011	<u>(4,557,527)</u>	<u>(594,139)</u>

Analysis of Changes in net debt

	As at 1 April 2010 £	Cash Flow £	Other Changes £	As at 31 March 2011 £
Cash at bank and in hand	668,431	(8,884)	-	659,547
Debt due within one year	(50,172)	(595,450)	-	(645,622)
Debt due after one year	<u>(1,212,398)</u>	<u>(3,359,054)</u>	<u>-</u>	<u>(4,571,452)</u>
	<u>(594,139)</u>	<u>(3,963,388)</u>	<u>-</u>	<u>(4,557,527)</u>

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2011

18. Pension Fund - General

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

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

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

The last formal valuation of the Scheme was performed at 30 September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £295 million. The valuation showed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

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

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

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

Blochairn Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Blochairn Housing Association Limited was £687,257.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2011

18. Pension Fund – General (cont.)

The Scheme offers five benefit structures to employers, namely:

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

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Blochairn Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2010 and the same benefit structure for new entrants.

During the accounting period Blochairn Housing Association paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 3 active members of the Scheme employed by Blochairn Housing Association. The annual pensionable payroll in respect of these members was £111,642.

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

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

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement – Non pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

BLOCHAIRN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2011

18. Pension Fund – General (cont.)

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

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

19. Capital commitments

At 31 March 2011, the Association has capital commitments on the depot site of £2.13m (2010: £9.88m). This commitment will be met from HAG and loan arranged with the Royal Bank of Scotland.

20. Housing Stock

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

	2011 No	2010 No
General needs housing	219	220
Shared ownership housing	-	-
Supported housing	-	-
	<u>219</u>	<u>220</u>

21. Related Parties

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

22. Contingent Liabilities

At 31 March 2011, the Association had no contingent liabilities (2010 -£nil) other than the liability that would be payable on withdrawal from the SFHA pension scheme disclosed in note 18 above. The Association has no plans to withdraw from this scheme.

