



Alexander Sloan
Accountants and Business Advisers

Blochairn Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2021

Registered Social Landlord No. HAG 223

FCA Reference No. 2341R(S)

Scottish Charity No. SC040816

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Contents

| | Page |
|---|-------------|
| Members of the Management Committee, Executive and Advisers | 1 |
| Report of the Management Committee | 2 – 6 |
| Report by the Auditors on corporate governance matters | 7 |
| Report of the Auditors | 8 – 11 |
| Statement of comprehensive income | 12 |
| Statement of financial position | 13 |
| Statement of cash flows | 14 |
| Statement of changes in equity | 15 |
| Notes to the financial statements | 16 - 33 |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

MANAGEMENT COMMITTEE

| | |
|-----------------------|---------------------|
| Lynsey Morgan | Resigned 01/09/2020 |
| Joan Reuston | Chairperson |
| Frances Tierney | |
| Olga Vassiljeva | Secretary |
| Manal Eshelli | |
| Andy Duffus | Resigned 01/09/2020 |
| Michelle Murray-Moore | Vice-Chair |
| Sheena Stephen | |
| Rose McLeish | Resigned 01/09/2020 |
| Sakina Masih | |
| Catherine Neil | |
| Lazarous Chisela | |
| Ewa Wojcik | |
| Denise Doherty | Resigned 01/09/2020 |

EXECUTIVE OFFICER

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

REGISTERED OFFICE

1 Blochairn Road
Royston
Glasgow
G21 2ED

EXTERNAL AUDITORS

Alexander Sloan

Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Wylie and Bisset
168 Bath Street
Glasgow
G2 4TP

BANKERS

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

SOLICITORS

Mellicks
160 Hope Street
Glasgow
G2 2TL

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee presents its report and the financial statements for the year ended 31 March 2021.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2341R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAG 223) under the Housing (Scotland) Act 2010 and as 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

In the financial year to 31 March 2021 our business was conducted in accordance with agreed policies and procedures which are freely available to the general public. Openness and accountability are important elements in our success.

The Covid 19 global pandemic forced our office closed to the public on 23 March 2020. However, we continued to provide a service, including a repairs service, for residents. Three of our four staff members opted to work from the office, with appropriate social distancing and PPE. The fourth staff member worked from home until August 2020 before returning to work from the office.

Three staff members tested Positive for Covid 19 in late October 2020 and all four were in isolation for 10 days.

We continued our programme of buying houses that become available on the open market in our immediate area. We bought four houses, with a total outlay of £447,500. All four were in our Blochairn Place development which was completed in 2011 and which won 'Development of the Year in Scotland' in the Herald Property awards.

Our ethos is one of continuous improvement. Even small, incremental improvements are important. Tenant Satisfaction is high (the 2017 Tenant Survey saw Satisfaction results as Overall 95%; Repairs Service 97% and Management of the Neighbourhood 93%). It is important to maintain and to try to improve upon these high standards.

Several years after the introduction of Universal Credit by the Department of Work and Pensions the system is still chaotic and brings hardship to tenants. Tenants continue to pay their rent, albeit many with difficulty and some with the aid of Discretionary Housing Payment. We manage the situation and

protect our interests whilst providing additional support services for residents, including on financial management and Welfare Benefits Advice.

A Major Repairs programme was completed in summer 2019 for our tenement properties modernised in 1990's. The programme provided new external wall insulation, gutters, downpipes, facia, all common windows and doors and door entry systems. The specification will reduce future maintenance costs.

We employ fewer staff than other, similar, organisations. We manage this by engaging with residents to ensure a collaborative approach.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

We introduced a Tenant Bonus Scheme in 2001, the first housing organisation in Glasgow to do so. Tenants are encouraged to keep to their tenancy conditions, to be a good neighbour and to show respect and consideration for others. At Christmas 2020, in view of the Covid 19 global pandemic, we offered the bonus to every tenant. The scheme helps us to make a real and lasting difference, helping to make Blochairn a place where people want to live and are proud to say they come from.

In 2014 we called together all community owned organisations, Glasgow City Council, Local Councillors and MSP's to seek a strategic approach to the completion of the regeneration of the wider Royston area and to protect the public investment already made. From this meeting the Royston Strategy Group was formed. Several community projects have been achieved or are ongoing, with funding of c.£1 million flowing in to Royston.

The Strategy Group structure enabled the Royston Coronavirus Response Group to be quickly established in March 2020 to provide a co-ordinated effort to support vulnerable residents and families. Again, funding from the Scottish Government and other sources was brought to the wider Royston community.

Despite the Covid 19 global pandemic 'lockdowns' we continued to provide services to residents, both tenants and owners, and ended the year in a strong financial position.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

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 Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that 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 judgements 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

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 misstatement 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 receives 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 end 31 March 2021. 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 of £250 (2020 - £762).

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Management Committee



Secretary
29 June 2021

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 4 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

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

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
29 June 2021



BLOCHAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLOCHAIRN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Blochairn Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other Information

The Management Committee is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLOCHAIRN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Other Information (Contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position 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.

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 4, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

BLOCHAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLOCHAIRN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Cooperative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLOCHAIRN HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Management Committee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Cooperative 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 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.

Alexander Sloan

ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
29 June 2021



BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | 2021 | | 2020 | |
|--|-------|-----------|----------------|-----------|----------------|
| | | £ | £ | £ | £ |
| Revenue | 2 | | 1,548,174 | | 1,465,842 |
| Operating costs | 2 | | 1,207,276 | | 1,215,963 |
| OPERATING SURPLUS | | | 340,898 | | 249,879 |
| Interest receivable and other income | | 540 | | 2,072 | |
| Interest payable and similar charges | 7 | (102,990) | | (119,497) | |
| Other Finance income/(charges) | 10 | - | | (4,000) | |
| | | | (102,450) | | (121,425) |
| Surplus on ordinary activities before taxation | 8 | | 238,448 | | 128,454 |
| SURPLUS FOR THE YEAR | | | 238,448 | | 128,454 |
| Other comprehensive income | | | | | |
| Actuarial gains/(losses) on defined benefit pension plan | 18 | | (172,000) | | 137,000 |
| TOTAL COMPREHENSIVE INCOME | | | 66,448 | | 265,454 |

The results relate wholly to continuing activities.

The notes on pages 16 to 33 form an integral part of these financial statements.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

| | Notes | 2021 | | 2020 | |
|----------------------------------|-------|--------|------------|--------|------------|
| | | £ | £ | £ | £ |
| NON-CURRENT ASSETS | | | | | |
| Housing properties - depreciated | | | | | |
| cost | 11 | | 17,170,926 | | 17,200,544 |
| Other tangible assets | 11 | | 258,937 | | 267,290 |
| | | | 17,429,863 | | 17,467,834 |
| CURRENT ASSETS | | | | | |
| Receivables | 12 | 31,776 | | 24,185 | |

| | | | |
|--|----|------------------|------------------|
| Investments | 13 | 100,000 | 100,000 |
| Cash and cash equivalents | 14 | 882,413 | 1,064,479 |
| | | 1,014,189 | 1,188,664 |
| CREDITORS: Amounts falling due within one year | 15 | (273,418) | (137,501) |
| NET CURRENT ASSETS | | 740,771 | 1,051,163 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 18,170,634 | 18,518,997 |
| CREDITORS: Amounts falling due after more than one year | 16 | (5,241,962) | (5,442,535) |
| PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Scottish housing association pension scheme | 18 | (164,000) | (29,000) |
| | | (164,000) | (29,000) |
| DEFERRED INCOME | | | |
| Social housing grants | 19 | (9,840,634) | (10,189,866) |
| | | (9,840,634) | (10,189,866) |
| NET ASSETS | | 2,924,038 | 2,857,596 |
| EQUITY | | | |
| Share capital | 20 | 94 | 100 |
| Revenue reserves | | 3,087,944 | 2,886,496 |
| Pension reserves | | (164,000) | (29,000) |
| | | 2,924,038 | 2,857,596 |

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 29 June 2021.

Committee Member **Committee Member** **Secretary**

The notes on pages 16 to 33 form an integral part of these financial statements.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

| Notes | 2021 | | 2020 | |
|-------|------|---|------|---|
| | £ | £ | £ | £ |

| | | | | |
|---|----|-----------|----------------|------------------|
| Surplus for the Year | | | 238,448 | 128,454 |
| <i>Adjustments for non-cash items:</i> | | | | |
| Depreciation of tangible fixed assets | 11 | 511,728 | 508,276 | |
| Amortisation of capital grants | 19 | (349,232) | (349,231) | |
| Non-cash adjustments to pension provisions | | (37,000) | (32,000) | |
| Share capital written off | 20 | (8) | (15) | |
| | | | 125,488 | 127,030 |
| Interest receivable | | | (540) | (2,072) |
| Interest payable | 7 | | 102,990 | 119,497 |
| Operating cash flows before movements in working capital | | | 466,386 | 372,909 |
| Change in debtors | | (7,591) | 24,887 | |
| Change in creditors | | (20,825) | (230,176) | |
| | | | (28,416) | (205,289) |
| Net cash inflow from operating activities | | | 437,970 | 167,620 |
| Investing Activities | | | | |
| Acquisition and construction of properties | | (473,757) | (366,822) | |
| | | | (473,757) | (366,822) |
| Net cash outflow from investing activities | | | | |
| Financing Activities | | | | |
| Interest received on cash and cash equivalents | | 540 | 2,072 | |
| Interest paid on loans | | (102,990) | (119,497) | |
| Loan principal repayments | | (43,831) | (12,870) | |
| Share capital issued | 20 | 2 | 10 | |
| Net cash outflow from financing activities | | | (146,279) | (130,285) |
| Decrease in cash | 21 | | (182,066) | (329,487) |
| Opening cash & cash equivalents | | | 1,064,479 | 1,393,966 |
| Closing cash & cash equivalents | | | 882,413 | 1,064,479 |
| Cash and cash equivalents as at 31 March | | | 882,413 | 1,064,479 |
| Cash | 21 | | 882,413 | 1,064,479 |

The notes on pages 16 to 33 form an integral part of these financial statements.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

| | Share Capital | Scottish Housing Association Pension reserve | Revenue Reserve | Total |
|------------------------------------|------------------|--|--------------------|------------------|
| | £ | £ | £ | £ |
| Balance as at 1 April 2019 | 105 | (198,000) | 2,790,042 | 2,592,147 |
| Issue of Shares | 10 | - | - | 10 |
| Cancellation of Shares | (15) | - | - | (15) |
| Other comprehensive income | - | 137,000 | - | 137,000 |
| Other movements | - | 32,000 | (32,000) | - |
| Surplus for the year | - | - | 128,454 | 128,454 |
| Balance as at 31 March 2020 | 100 | (29,000) | 2,886,496 | 2,857,596 |
| Balance as at 1 April 2020 | 100 | (29,000) | 2,886,496 | 2,857,596 |
| Issue of Shares | 2 | - | - | 2 |
| Cancellation of Shares | (8) | - | - | (8) |
| Other comprehensive income | - | (172,000) | - | (172,000) |
| Other movements | - | 37,000 | (37,000) | - |
| Surplus for the year | - | - | 238,448 | 238,448 |
| Balance as at 31 March 2021 | 94 | (164,000) | 3,087,944 | 2,924,038 |

The notes on pages 16 to 33 form an integral part of these financial statements.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

15

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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 2018. 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 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

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 the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multiemployer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. **Going Concern**

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

| <i>Component</i> | <i>Useful Economic Life</i> |
|------------------|-----------------------------|
| Land | Not depreciated |
| Structure | Over 50 years |
| Kitchens | Over 15 years |
| Bathrooms | Over 15 years |
| Central heating | Over 12 years |
| Windows | Over 25 years |
| Cladding | Over 30 years |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

| <i>Asset Category</i> | <i>Depreciation Rate</i> |
|-----------------------------|--------------------------|
| Office Premises | -2% |
| Furniture & Fittings | -33% |
| Computer & Office Equipment | -33% |
| Van | -33% |

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

Social Housing Grants and Other Capital Grants

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 they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

The Association is a Scottish Charity and is not liable to taxation on its charitable activities.

Leases

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 or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

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 non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

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

VAT

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

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.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below. Key Judgements
a) 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 Management Committee 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 Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement 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*

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have

BLOCHAIRN HOUSING ASSOCIATION LIMITED

developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Estimation Uncertainty

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. *d) Defined pension liability*

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

| | | 2021 | | | 2020 | | |
|-------------------------------|-------|------------------|------------------|------------------------|------------------|------------------|------------------------|
| | | Operating | Operating | Operating | Operating | Operating | Operating |
| | Notes | Turnover | costs | surplus / (deficit) | Turnover | costs | surplus / (deficit) |
| | | £ | £ | £ | £ | £ | £ |
| Affordable letting activities | 3 | 1,530,318 | 1,189,420 | 340,898 | 1,447,126 | 1,197,247 | 249,879 |
| Other Activities | 4 | 17,856 | 17,856 | - | 18,716 | 18,716 | - |
| Total | | 1,548,174 | 1,207,276 | 340,898 | 1,465,842 | 1,215,963 | 249,879 |

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

Revenue from Lettings

| Needs Housing £ | 2021 Total £ | 2020 Total £ |
|---|---|---|
| 1,165,804 | 1,165,804 | 1,088,177 |
| 1,165,804 1,230 | 1,165,804 1,230 | 1,088,177 1,198 |
| 1,164,574 | 1,164,574 | 1,086,979 |
| 349,232 16,512 | 349,232 16,512 | 349,231 10,916 |
| 1,530,318 | 1,530,318 | 1,447,126 |
| 415,484 259,949 10,612 503,375 | 415,484 259,949 10,612 503,375 | 444,244 236,107 17,205 499,691 |
| 1,189,420 | 1,189,420 | 1,197,247 |
| 340,898 | 340,898 | 249,879 |

Rent receivable net of service charges 249,879

Gross income from rent and service charges

Less: Rent losses from voids

Income from rents and service charges

Grants released from deferred income

Other revenue grants

Total turnover from affordable letting activities

Expenditure on affordable letting activities

Management and maintenance administration costs

Reactive maintenance costs

Bad Debts - rents and service charges

Depreciation of affordable let properties

Operating costs of affordable letting activities

Operating surplus on affordable letting activities

2020

General

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

| | Other income | Total Turnover | Other operating costs | Operating surplus / (deficit) 2021 | Operating surplus / (deficit) 2020 |
|------------------------------------|-----------------|-------------------|-----------------------------|---|---|
| | £ | £ | £ | £ | £ |
| Factoring | 17,856 | 17,856 | 17,856 | - | - |
| Total From Other Activities | 17,856 | 17,856 | 17,856 | - | - |
| 2020 | 18,716 | 18,716 | 18,716 | - | |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

| | 2021 | 2020 |
|---|---------------|-----------------------|
| | £ | £ |
| <p>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.</p> | | |
| Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions) | 69,753 | 68,096 |
| Pension contributions made on behalf on Officers with emoluments greater than £60,000 | 6,914 | 6,738 |
| Emoluments payable to Director (excluding pension contributions) | 69,753 | 68,096 |
| Total emoluments paid to key management personnel | 69,753 | 68,096 |
| The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:- | 69,753 | including emoluments, |
| | Number | Number |
| £70,001 to £80,000 | <u>1</u> | 1 |

6. EMPLOYEE INFORMATION

| | 2021 | 2020 |
|--|------|------|
| | No. | No. |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

| | | |
|---|---------|---------|
| Average monthly number of full time equivalent persons employed during the year | 4 | 4 |
| Average total number of employees employed during the year | 4 | 4 |
| Staff costs were: | | |
| Wages and salaries | £ | £ |
| National insurance costs | 147,378 | 157,461 |
| Pension costs | 11,664 | 16,206 |
| | 33,724 | 26,201 |
| | 192,766 | 199,868 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2021 | 2020 |
|------------------------------|---------|---------|
| | £ | £ |
| On bank loans and overdrafts | 102,990 | 119,497 |
| | 102,990 | 119,497 |

8. SURPLUS FOR THE YEAR

| | 2021 | 2020 |
|--|---------|---------|
| | £ | £ |
| Surplus For The Year is stated after charging/(crediting): | | |
| Depreciation - non-current assets | 511,728 | 508,276 |
| Auditors' remuneration - audit services | 8,582 | 7,572 |
| Operating lease rentals - other | 2,435 | 2,435 |

9. CORPORATION TAX

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

10. OTHER FINANCE INCOME / (CHARGES)

Net interest on pension obligations

| 2021 | 2020 |
|------|---------|
| £ | £ |
| - | (4,000) |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

| 11. NON-CURRENT ASSETS | | | | | | |
|------------------------|-------------------------------------|--|-------------------------------------|-------|-------|------------|
| (a) Housing Properties | Housing Properties Held for Letting | Housing Properties in course of Construction | Shared Ownership Completed | Total | Total | Total |
| | £ | £ | £ | £ | £ | £ |
| COST | | Expenditure on Existing Properties | | | | |
| At 1 April 2020 | 23,972,546 | | | | | |
| Additions | 473,757 | Amounts capitalised | Amounts charged to the statement of | | | |
| Disposals | (10,393) | comprehensive income | | | | |
| | | | | | | 23,972,546 |
| At 31 March 2021 | 24,435,910 | | | | | 473,757 |
| | | | | | | (10,393) |
| DEPRECIATION | | | | | | |
| At 1 April 2020 | 6,772,002 | | | | | 24,435,910 |
| Charge for Year | 503,375 | | | | | |
| Transfers | (10,393) | | | | | 6,772,002 |
| At 31 March 2021 | 7,264,984 | | | | | 503,375 |
| | | | | | | (10,393) |
| NET BOOK VALUE | | | | | | 7,264,984 |
| At 31 March 2021 | 17,170,926 | | | | | |
| At 31 March 2020 | 17,200,544 | | | | | 17,170,926 |
| | | | | | | 17,200,544 |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

| Component | 2021 | replacement £ | Improvement £ | replacement £ | Improvement £ |
|-----------|-----------|------------------|------------------|------------------|------------------|
| | Component | 2020 22,221 | | | - |
| | | 259,949 | - | 236,107 | - |

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carrying value of £5,268,801 (2020 - £5,431,565)

FINANCIAL STATEMENTS FOR THE YEAR END MARCH 2021 NOTES TO THE FINANCIAL STATE (continued)

11. NON CURRENT ASSETS (continued)

| (b) Other tangible assets | Office Premises £ | Furniture & Equipment £ | Machinery & Equipment £ | Computer Equipment £ | Total £ |
|---------------------------|-------------------------|----------------------------------|-------------------------------|----------------------------|------------|
| COST | | | | | |
| At 1 April 2020 | 323,668 | 17,388 | | | 341,056 |
| At 31 March 2021 | 323,668 | 17,388 | | | 341,056 |
| DEPRECIATION | | | | | |
| At 1 April 2020 | 58,258 | 15,508 | | | 73,766 |
| Charge for year | | | | | |
| At 31 March 2021 | 6,473 | 1,880 | | | 8,353 |
| NET BOOK VALUE | | | | | |
| At 31 March 2021 | 64,731 | 17,388 | | | 82,119 |
| At 31 March 2020 | 258,937 | | | | 258,937 |
| | 265,410 | 1,880 | | | 267,290 |

12. RECEIVABLES

| | | |
|---|------------------------------------|------------------|
| Gross arrears of rent and service charges Less: Provision for doubtful debts | 2021 £ 17,957 (2,089) | 2020 £ |
| Net arrears of rent and service charges | 15,868 | 2,931 |
| Other receivables | 15,908 | (2,931) |
| | <u>31,776</u> | - |
| | 2021 £ | 2020 £ |
| | | 24,185 |

13. CURRENT ASSET INVESTMENTS

Short term deposits

100,000

24,185

14. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

4,479

2020

£

100,000

2021

£

2020

£

88, 2,413 1,06

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 £ | 2020 £ |
|------------------------------|-----------|-----------|
| Bank loans | 206,641 | 49,899 |
| Trade payables | 2,247 | 4,596 |
| Rent received in advance | 29,925 | 29,925 |
| Other payables | 957 | 8,355 |
| Accruals and deferred income | 33,648 | |
| | 273,418 | 44,726 |
| | | 137,501 |

16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2021 £ | 2020 £ |
|------------|-----------|-----------|
| Bank loans | 5,241,962 | 5,442,535 |
| | 5,241,962 | 5,442,535 |

17. DEBT ANALYSIS - BORROWINGS

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Bank Loans | | |
| Amounts due within one year | 206,641 | 49,899 |
| Amounts due in one year or more but less than two years | 205,033 | 200,675 |
| Amounts due in two years or more but less than five years | 641,896 | 628,255 |
| Amounts due in more than five years | 4,395,033 | 4,613,605 |
| | 5,448,603 | |
| | | 5,492,434 |

The Association has a number of bank loans the principal terms of which are as follows:

| Lender | Number of Properties Secured | Effective Interest Rate | Maturity Variable or (Year) Fixed |
|------------------|---|--|--|
| Unity Trust Bank | 127 | 2.1% | 2042 Variable |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS

BLOCHAIRN HOUSING ASSOCIATION LIMITED

Scottish Housing Association Pension Scheme

Blochairn Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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 reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

| | 2021 | 2020 |
|--|-----------|-----------|
| | £ | £ |
| Fair value of plan assets | 1,371,000 | 1,227,000 |
| Present value of defined benefit obligation | 1,535,000 | 1,256,000 |
| Surplus / (deficit) in plan | (164,000) | (29,000) |
| Defined benefit asset / (liability) to be recognised | (164,000) | (29,000) |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

| | 2021 | 2020 |
|--|-----------|-----------|
| | £ | £ |
| Defined benefit obligation at the start of period | 1,256,000 | 1,356,000 |
| Expenses | 1,000 | 1,000 |
| Interest expense | 29,000 | 31,000 |
| Actuarial losses (gains) due to scheme experience | 18,000 | 27,000 |
| Actuarial losses (gains) due to changes in demographic assumptions | - | (8,000) |
| Actuarial losses (gains) due to changes in financial assumptions | 271,000 | (143,000) |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

Benefits paid and expenses

Reconciliation of opening and closing balances of the fair value of plan assets

| | 2021 | 2020 |
|---|------------------|------------------|
| | £ | £ |
| Fair value of plan assets at start of period | 1,227,000 | 1,158,000 |
| Interest income | 29,000 | 27,000 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 117,000 | 13,000 |
| Contributions by the employer | 38,000 | 37,000 |
| Benefits paid and expenses | (40,000) | (8,000) |
| Fair value of plan assets at the end of period | 1,371,000 | 1,227,000 |
| Defined benefit obligation at the end of period | (40,000) | (8,000) |
| | <u>1,535,000</u> | <u>1,256,000</u> |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £146,000.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

| | 2021 | 2020 |
|---|-------|-------|
| | £ | £ |
| Expenses | 1,000 | 1,000 |
| Net interest expense | - | 4,000 |
| Defined benefit costs recognised in statement of comprehensive income | 1,000 | 5,000 |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

Defined benefit costs recognised in the other comprehensive income

| | 2021 | 2020 |
|--|-----------|----------|
| | £ | £ |
| Experience on plan assets (excluding amounts included in interest income) - gain /(loss) | 117,000 | 13,000 |
| Experience gains and losses arising on plan liabilities - gain /(loss) | (18,000) | (27,000) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss) | - | 8,000 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss) | (271,000) | 143,000 |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss) | (172,000) | 137,000 |
| Total amount recognised in other comprehensive income - gain (loss) | (172,000) | 137,000 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

| | |
|-------------------------|------|
| Male retiring in 2021 | 21.5 |
| Female retiring in 2021 | 23.4 |
| Male retiring in 2041 | 22.8 |

BLOCHAIRN HOUSING ASSOCIATION LIMITED

Female retiring in 2041

25.0 **Scottish
Housing**

Association Pension Scheme (continued.)

| Assets | 2021 | 2020 | 2019 |
|-------------------------------|------------------|-------------|-------------|
| | £ | £ | £ |
| Absolute Return | 68,000 | 75,000 | 98,000 |
| Alternative Risk Premia | 55,000 | 98,000 | 65,000 |
| Corporate Bond Fund | 103,000 | 90,000 | 81,000 |
| Credit Relative Value | 40,000 | 30,000 | 20,000 |
| Distressed Opportunities | 47,000 | 22,000 | 20,000 |
| Emerging Markets Debt | 55,000 | 44,000 | 37,000 |
| Fund of Hedge Funds | - | - | 3,000 |
| Global Equity | 212,000 | 169,000 | 186,000 |
| Infrastructure | 77,000 | 72,000 | 49,000 |
| Insurance-Linked Securities | 29,000 | 33,000 | 30,000 |
| Liability Driven Investment | 329,000 | 323,000 | 412,000 |
| Long Lease Property | 32,000 | 30,000 | 14,000 |
| Net Current Assets | 10,000 | 9,000 | 1,000 |
| Over 15 Year Gilts | 1,000 | 16,000 | 30,000 |
| Private Debt | 32,000 | 24,000 | 15,000 |
| Property | 25,000 | 23,000 | 23,000 |
| Risk Sharing | 49,000 | 39,000 | 34,000 |
| Secured Income | 75,000 | 68,000 | 40,000 |
| Opportunistic Illiquid Credit | 35,000 | 30,000 | - |
| Opportunistic Credit | 37,000 | | |
| Liquid Credit | 24,000 | 32,000 | - |
| High Yield | 36,000 | - | - |
| Total assets | 1,371,000 | 1,227,000 | |
| | <u>1,158,000</u> | | |

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association. **Key**

Assumptions

| | 2021 | 2020 | 2019 |
|---|--------------------------|--------------------------|--------------------------|
| Discount Rate | 2.2% | 2.4% | 2.3% |
| Inflation (RPI) | 3.3% | 2.6% | 3.3% |
| Inflation (CPI) | 2.9% | 1.6% | 2.3% |
| Salary Growth | 3.9% | 2.6% | 3.3% |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance | 75% of maximum allowance |

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

**Life expectancy at age
65 years
(years)**

BLOCHAIRN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

| | Social Housing Grants £ | Total £ |
|--------------------------------|----------------------------------|------------|
| Capital grants received | | |
| At 1 April 2020 | 16,381,470 | 16,381,470 |
| At 31 March 2021 | 16,381,470 | 16,381,470 |
| Amortisation | | |
| At 1 April 2020 | 6,191,604 | 6,191,604 |
| Amortisation in year | 349,232 | 349,232 |
| At 31 March 2021 | 6,540,836 | 6,540,836 |
| Net book value | | |
| At 31 March 2021 | 9,840,634 | 9,840,634 |
| At 31 March 2020 | 10,189,866 | 10,189,866 |

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

| | 2021 | 2020 |
|-----------------------------------|------------------|-------------------|
| | £ | £ |
| Amounts due within one year | 349,231 | 349,231 |
| Amounts due in more than one year | 9,491,403 | |
| | <u>9,840,634</u> | <u>9,840,635</u> |
| | | <u>10,189,866</u> |

20. SHARE CAPITAL

| Shares of £1 each, issued and fully paid | 2021 | 2020 |
|--|-----------|------------|
| | £ | £ |
| At 1 April | 100 | 105 |
| Issued in year | 2 | 10 |
| Cancelled in year | (8) | (15) |
| At 31 March | <u>94</u> | <u>100</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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

BLOCHAIRN HOUSING ASSOCIATION LIMITED

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

| | | | | |
|--------------------------------------|-----------|-------------|-----------|-------------|
| Decrease in cash | | 2021 | £ | |
| Cashflow from change in net debt | £ | £ | (329,487) | 2020 |
| Movement in net debt during the year | (182,066) | | 12,870 | £ |
| Net debt at 1 April | 43,831 | | | |
| Net debt at 31 March | | (138,235) | | (316,617) |
| | | (4,327,955) | | (4,011,338) |
| | | (4,466,190) | | (4,327,955) |

Analysis of changes in net debt

| | At 01 April 2020 | At Cashflows | Other Changes | At 31 March 2021 |
|------------------------------|---------------------|-----------------|------------------|---------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 1,064,479 | (182,066) | - | 882,413 |
| Liquid resources | | | | |
| Debt: Due within one year | 1,064,479 | (182,066) | - | 882,413 |
| Due after more than one year | 100,000 | - | (200,573) | 100,000 |
| Net debt | (49,899) | 43,831 | 200,573 | (206,641) |
| | (5,442,535) | - | | (5,241,962) |
| | (4,327,955) | (138,235) | - | (4,466,190) |

22. COMMITMENTS UNDER OPERATING LEASES

£ At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:

| | | |
|--|-------|-------|
| Other | 2021 | 2020 |
| Expiring in the next year | 1,015 | |
| Expiring later than one year and not later than five years | - | 2,435 |
| | | 1,015 |

23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 1 Blochairn Road, Royston, Glasgow, G21 2ED.

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 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £20 (2020 - £626) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

25. HOUSING STOCK

| | 2021 | 2020 |
|--|-------------|-------------|
| | No. | No. |
| The number of units of accommodation in management at the year end was:- | | |
| General needs | 291 | 287 |
| | <u>291</u> | <u>287</u> |

26. RELATED PARTY TRANSACTIONS

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

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

| | 2021 | 2020 |
|--|-------------|-------------|
| | £ | £ |
| Rent received from tenants on the Management Committee and their close family members | 66,965 | 64,575 |
| Factoring charges received from factored owners on the Management Committee and their close family members | 1,268 | 1,410 |
| Management Committee expenses paid in the year | 20 | 626 |

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £4,325 (2020 - £3,649).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £15 (2020 - £311).

During the year, the association received services from D&R Decorators Ltd to the value of £76,732 (2020 - £96,498). A relative of the Director has a significant interest in this business. This has been declared in the Register of Interests and recorded by the Management Committee.

| | | | |
|---|---|----|---------------------------|
| Members of the Management Committee who are tenants | 8 | 12 | Members of the Management |
| Committee who are owner occupiers | 2 | 2 | |
| Members of the Management Committee who are local authority employees | | - | 1 |