



BLUE TRIANGLE (GLASGOW)
HOUSING ASSOCIATION LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

FCA Registered Number: SP1835/RS
Scottish Charity Number: SC010858
The Scottish Housing Regulator Registered Number: HAL72



Blue Triangle (Glasgow) Housing Association Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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Statutory Information for the Year Ended 31 March 2015

MANAGEMENT BOARD MEMBERS:

Mr J Maitland (Chairman)
Mr J McKenzie (Vice Chairman)
Mr P Timpson
Mr W Thompson
Mr N Robinson
Mr J McRitchie (retired 17 July 2014)
Mr D Brown
Mr S Dryburgh
Ms D McGuire
Ms L Gemmill
Mr D Sullivan
Mrs F Miller
Mr M Valenti (co-opted 15 May 2014)
Mr K Jones (co-opted 15 May 2014)
Ms J McCormack (appointed 26 March 2015)
Mr J Edwards (appointed 26 March 2015)

CHIEF EXECUTIVE

Fiona E. Stringfellow

REGISTERED OFFICE:

3rd Floor
100 Berkeley Street
Glasgow
G3 7HU

FCA REGISTERED NUMBER:

SCOTTISH CHARITY NUMBER:

THE SCOTTISH HOUSING REGULATOR REGISTERED NUMBER:

SP1835/RS
SC010858
HAL72

AUDITOR

Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

BANKER:

The Royal Bank of Scotland plc
9 Clifton Place
Glasgow
G3 7JU

SOLICITOR:

Campbell Riddell Breeze Paterson
21 Park Road
Milngavie
G62 6PJ

Chairman's Statement

The accounts for the year to 31 March 2015 show an income surplus of £123,610 (2014 - £89,879) prior to reserve movements for property refurbishment and cyclical maintenance and the balance sheet of the Association show net assets of £3,671,451 (2014 - £3,547,839).

The Association continues to maintain sound financial management policies and enjoys a strong financial position and the results compare favourably to the budget set, with close control over costs and void levels, helped by additional income generated resulting in a better than budgeted performance.

The year has been challenging with many different risks to manage such as the continued threat from welfare reform, the overall austerity agenda being driven by the UK coalition government impacting on local authorities and the stability and growth of the economy. Our service users, being some of the most vulnerable in society, have unfortunately felt the impact of these changes directly and in particular our Blue Triangle Trust has been giving out many more grants for service users who are struggling with accessing the basics in life such as clothing and food.

Alongside these risks, we have had the on-going challenges around contracting and tendering with local authority partners. This is both around reduction in contract values that we are required to manage and also around tendering of existing contracts. This year a number of our existing services in Renfrewshire and South Lanarkshire were subject to retendering and I am happy to note that in all cases we were successful in retaining the business. Retendering is a very stressful and time consuming process for the staff teams, both at project level and within our Head Office and results in huge uncertainty for both staff and our service users. I would certainly welcome the day when local authorities did not see tendering as a way of demonstrating value for money for social care contracts!

This year has also been challenging in relation to a number of high profile HR issues impacting on the sector as a whole and we continue to await legal clarification around some of these issues. We will continue to work with our staff and UNISON in any resolution of these issues in the longer term.

We continue to monitor our performance in terms of our own KPI's and also those required by our Regulators. This year, as we are a Registered Social Landlord with The Scottish Housing Regulator, we completed the first year of the new Scottish Social Housing Charter return.

In terms of our own KPI's we are pleased to note that our Care Inspectorate grades have continued to be excellent (12 out of 15 grades were Gr 5's) and that our service users continue to rate our services highly (we received ratings of between 95% and 100% satisfaction from our service users around services they receive). Our main purpose is to provide services to vulnerable people and as such we are pleased with such a positive endorsement of our services by both service users and the Regulator.

Following the General Election in May, the new UK Government is set to continue with the austerity programme which will include a further £30bn in public spending constraints including a £12bn squeeze on people living on welfare. The UK Government Chancellor will announce changes in the 2015 budget and we await the outcome with trepidation although we expect that the benefits cap will be tightened, Universal Credit will continue to be fast-tracked, the bedroom tax will continue to be enforced, and that young people in particular may face some particular challenges in accessing benefits. This, of course, will apply to Scotland as welfare is not devolved.

We finalised and launched our Business Plan in July of this year for the period 2014-2019. This new Business Plan will guide and direct the Executive and the Management Board as we face the growing uncertainty in the sector, the recent and on-going political changes and the challenging financial environment for our local authority partners. Our Business Plan will assist in creating opportunities in this challenging environment as well as identify the resources needed and the key drivers for success.

It is vital for our success that our Management Board members have the right skills we need to develop our charity and this year we ran a very successful recruitment drive. I am happy to report that we have successfully managed to recruit a number of new Management Board Members to add to our existing complement of high calibre Board Members. This year we have taken steps to change our processes around both recruitment and appraisal in response to The Scottish Housing Regulator's new standards around this.

In 2015, we will celebrate the 40th Anniversary of the Association's founding and plans are well advanced to celebrate this. The opportunity is being taken to revise and modernise the Association's branding and a new logo has been agreed and will be introduced as part of the celebrations and I look forward to reporting on our activities in that regard in my next report.

In closing, I would like to thank the Management Board and the Committees for all their work and also our Chief Executive, her executive team and support and the office staff team for their effort and commitment. I also would like to give a big thanks to the project staff teams and Managers for all the fantastic work they do in partnership with service users and their families, and our statutory and third sector partners.



J Maitland
Chairman

23 July 2015

Annual Report of the Management Board

For the Year Ended 31 March 2015

The Management Board submits its thirty- ninth Annual Report and the Audited Financial Statements for the year ended 31 March 2015.

MANAGEMENT BOARD

During the financial period the Management Board was made up as follows:-

Mr J Maitland (Chairman)
Mr J McKenzie (Vice Chairman)
Mr P Timpson
Mr W Thompson
Mr N Robinson
Mr J McRitchie (retired 17 July 2014)
Mr D Brown
Mr S Dryburgh
Ms D McGuire
Ms L Gemmill
Mr D Sullivan
Mrs F Miller
Mr M Valenti (co-opted 15 May 2014)
Mr K Jones (co-opted 15 May 2014)
Ms J McCormack (appointed 26 March 2015)
Mr J Edwards (appointed 26 March 2015)

RECRUITMENT AND APPOINTMENT OF THE MANAGEMENT BOARD

At the Annual General Meeting in accordance with the rules of the Association Mr J McKenzie, Mr S Dryburgh, Ms D McGuire and Ms L Gemmill, retire by rotation and Mr J McKenzie, Mr S Dryburgh, Ms D McGuire and Ms L Gemmill, offer themselves for re-election. Mr M Valenti and Mr K Jones being co-opted during the year offer themselves for election.

Ms J McCormack and Mr J Edwards were appointed to the Management Board during the year.

The Management Board seeks to ensure that the needs of its client group are appropriately reflected through the diversity of the Board and Committee structure. To enhance the potential pool of members, the Association has, through selective advertising and networking, sought to identify people who would be willing to become members and utilise their own skills and experience to assist the Association.

The Management Board has a broad range of skills and members. Each year the members are requested to provide a list of their skills and in the event of particular skills being lost due to retirements, individuals are approached to offer themselves for election to the Management Board.

MANAGEMENT BOARD MEMBERS INDUCTION & TRAINING

Most members of the Management Board are already familiar with the practical work of the Association. Where new members are elected, information is supplied regarding the obligation of Management Board members, details of the Association's main documents and up to date financial statements. In addition an annual 'Away Day' is held for both members and staff, providing valuable information and updates on topical areas. Members are also encouraged to attend the hostels as part of the regular programme of project visits.

GOVERNING DOCUMENT

The Association is a registered charity and was registered on 25 August 1986. In addition, the Association is a registered social landlord and is thus registered with The Scottish Housing Regulator and is also registered with the Financial Conduct Authority.

STATEMENT OF RESPONSIBILITIES OF THE MANAGEMENT BOARD

The law governing Housing Associations requires the Management Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Management Board are 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 departure disclosed and explained in the financial statements; and
- ▼ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Board are responsible for maintaining adequate 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 statutory requirements. They are responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud.

Annual Report of the Management Board (continued)

For the Year Ended 31 March 2015

INTERNAL FINANCIAL CONTROL

The Management Board 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 Board'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:

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- (c) Forecasts and budgets are prepared which allow the Management Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate.
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Board members.
- (e) During the year a number of key areas were reviewed and the recommendations from the reports duly implemented.
- (f) The Management Board reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed.
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor.
- (h) Ad-hoc internal reviews are carried out by senior management in respect of systems and procedures in key areas. These reports are reviewed by the Board and when applicable, improvements are implemented.

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

RISK MANAGEMENT

The Association has conducted a review of the major risks to which it is exposed and this review is updated annually. Where appropriate, systems or procedures have been established to mitigate the risks which the Association faces.

ORGANISATIONAL STRUCTURE

The Association has a Management Board of 13 members (in addition 1 resigned during the year) and 2 co-optees. The Management Board meet eight times per year and there are also a number of committees who meet regularly and report directly to the Management Board.

A scheme of delegation is in place and day to day responsibility for the provision of the Association's projects rests with the Chief Executive, along with the Finance Director and Operations Director. The Chief Executive is responsible for ensuring that the Association delivers the services specified and that key performance indicators are met.

SHARE CAPITAL

During the year 3 shares were issued (2014-4) and 1 share was cancelled (2014-nil).

RESERVES POLICY

The Association maintains revenue reserves to ensure there are sufficient reserves to continue its normal day to day operations. The Association also maintains designated reserves for Cyclical Maintenance and Property Refurbishment to ensure that the Association is able to maintain its properties in accordance with a planned programme of works. The Association also maintains an Insurance Reserve to meet its liability for any liability below the minimum claims threshold in terms of its insurance policies.

Annual Report of the Management Board (continued)

For the Year Ended 31 March 2015

PRINCIPAL ACTIVITY

The principal activity of the Association in the year under review was the provision of special needs housing accommodation for the young single homeless.

The Association continues to operate the supported accommodation projects at;

- ▼ Shettleston Road, Glasgow, which accommodates eight persons (2014 – 8)
- ▼ Holland Street and Sauchiehall Street, Glasgow, which accommodates fifty persons (2014 - 47)
- ▼ Chalmers Court, (Charlotte Street, Ayr), which accommodates twelve persons (2014 - 12)
- ▼ Glasgow Floating Support, which accommodates eight persons (2014 – 8)
- ▼ Bruce Court, Paisley, which accommodates twelve persons (2014 – 12)
- ▼ Somerset Place, Glasgow, which accommodates eight persons (2014 - 8)
- ▼ Viewpark, (Old Edinburgh Road, Uddingston), which accommodates thirteen persons (2014 - 12)
- ▼ Greenside House, Lanark, which accommodates thirteen persons (2014 – 14)
- ▼ Bank Street, Kilmarnock, which accommodates ten persons (2014 – 10)
- ▼ Clydesdale Street, Hamilton, which accommodates thirteen persons (2014 – 13)
- ▼ Braehead, Bonhill, which accommodates eight persons (2014 – 8)
- ▼ Alexander Street, Clydebank, which accommodates thirteen persons (2014 – 13)
- ▼ Millhill, Musselburgh, which accommodates nine persons (2014 – 9)
- ▼ Shore Street, Oban, which accommodates fifteen persons (2014 – 15)
- ▼ Solas, Oban, which accommodates five persons (2014 – 5)
- ▼ Wemyss House, Port Seton, which accommodates seven persons (2014 – 7)
- ▼ High Street, Musselburgh, which accommodates five persons (2014 – 5)
- ▼ Lorn Court, Oban, which accommodates six persons (2014 – 6)
- ▼ Don Mor Lodge, Oban, which accommodates six persons (2014 – 6)
- ▼ Victoria Drive East, Renfrew, which accommodates seventeen persons (2014 – 17)
- ▼ Argyle Street, Paisley, which accommodates eleven persons (2014 – 11)
- ▼ Alexander Street, Alexandria, which accommodates ten persons (2014 – 10)
- ▼ Millknowe, Campbeltown, which accommodates three persons (2014 – 3)
- ▼ Charles Brownlie Services Hamilton and Blantyre which accommodate twenty-three persons (2014 – 23)
- ▼ First Stop East Kilbride, which accommodates eight persons (2014 – 8)
- ▼ North High Street, Musselburgh, which accommodates four persons (2014 / N/A)

The Association has received grants from The Scottish Government for capital expenditure together with revenue grants and Community Care monies from Glasgow City Council, and revenue grants from South Lanarkshire Council.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Management Board considers that the Association has had a satisfactory year, and appropriate sums have been transferred in the year from revenue reserves to designated reserves created to meet the future property refurbishment and cyclical maintenance costs of the Housing Association's projects. The financial position at the year-end is a healthy one and the Board remains confident that a continued quality approach to business issues will secure the Association's position in the future.

FINANCIAL REVIEW

The Management Board is pleased to report turnover in the year of £8,073,921 (2014 - £7,922,674), and the surplus for the year of £123,610 (2014 - £89,879) is considered satisfactory in light of the current economic climate. The Association continues to assess its performance on a project by project basis.

EMPLOYEES

The Association recognises the requirement for employees to be informed in matters of concern to them and provide them with relevant information. The Association recognises Unison and a Joint Negotiating Committee is in place to facilitate this process.

DISCLOSURE OF INFORMATION TO THE AUDITOR

As far as each of the members of the Management Board at the time the report is approved are aware:

- a) there is no relevant information of which the Association's Auditor is unaware; and
- b) the members of the Management Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

AUDITOR

A resolution for the re-appointment of Scott-Moncrieff will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Management Board.

J Maitland
Chairman

23 July 2015

Report of the Independent Auditor to the Members of Blue Triangle (Glasgow) Housing Association Limited

We have audited the financial statements of Blue Triangle (Glasgow) Housing Association Limited for the year ended 31 March 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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, and for the opinion we have formed.

Respective responsibilities of the Management Board and the Auditor

As explained more fully in the Statement of Responsibilities of the Management Board set out on page 3, the Management Board is responsible for the preparation of the financial statements which 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 Financial Reporting Council's web-site 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 2015 and of its income and expenditure for the year then ended;
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

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 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; or
- we have not received all the information and explanations we need for our audit.



Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as a statutory auditor in terms of Section 1212 of the Companies Act 2006
25 Bothwell Street
Glasgow
G2 6NL

24 July 2015

Report by the Auditor to the members of Blue Triangle (Glasgow) Housing Association Limited on Corporate Governance Matters

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

Basis of Opinion

We carried out our review having regard to the requirements on 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 on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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 our enquiry of certain members of the Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board'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 Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as a statutory auditor in terms of Section 1212 of the Companies Act 2006
25 Bothwell Street
Glasgow
G2 6NL

24 July 2015

Income and Expenditure Account

For the Year Ended 31 March 2015

	Notes	2015 £	£	2014 £	£
Turnover	23		8,073,921		7,922,674
Less: Operating Costs	23		<u>7,946,180</u>		<u>7,834,172</u>
Operating Surplus	23		127,741		88,502
Gain / (loss) on sale of fixed assets			<u>63</u>		<u>(2,913)</u>
			127,804		85,589
Interest received		15,509		16,325	
Interest payable	9	<u>(19,703)</u>		<u>(12,035)</u>	
			<u>(4,194)</u>		<u>4,290</u>
Surplus for the year	10, 18		<u><u>123,610</u></u>		<u><u>89,879</u></u>

The results for the year relate wholly to continuing activities.

The Association has no recognised gains and losses other than those included in the surplus above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the surplus on ordinary activities for the year and the surplus for the year stated above and their historical cost equivalent.

The notes on pages 12 to 20 form part of these financial statements.

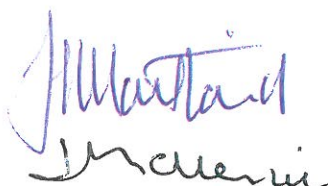
Balance Sheet

As at 31 March 2015

	Notes	2015 £	£	2014 £	£
TANGIBLE FIXED ASSETS					
Housing properties – depreciated cost	2		4,414,008		4,435,438
Less: Housing Association Grant			<u>(3,231,362)</u>		<u>(3,231,362)</u>
			1,182,646		1,204,076
Land and Buildings	2		554,465		508,127
Investment Property	2		28,784		28,784
Others – Furniture & Fittings, Office Equipment & Motor Vehicles	2		<u>34,668</u>		<u>38,548</u>
TOTAL FIXED ASSETS			<u>1,800,563</u>		<u>1,779,535</u>
CURRENT ASSETS					
Debtors	3	387,347		533,681	
Cash and Bank Balances		<u>1,999,803</u>		<u>1,847,787</u>	
		2,387,150		2,381,468	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	4	<u>516,262</u>		<u>409,686</u>	
NET CURRENT ASSETS			<u>1,870,888</u>		<u>1,971,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,671,451</u>		<u>3,751,317</u>
CREDITORS: Amounts falling due after more than one year	4		<u>-</u>		<u>(203,478)</u>
NET ASSETS			<u>3,671,451</u>		<u>3,547,839</u>
CAPITAL AND RESERVES					
SHARE CAPITAL	5		47		45
DESIGNATED RESERVES	6		1,161,355		1,132,167
REVENUE RESERVE	18		<u>2,510,049</u>		<u>2,415,627</u>
			<u>3,671,451</u>		<u>3,547,839</u>

The financial statements were approved by the Management Board and were signed on its behalf on 23 July 2015 by:

J. Maitland, Chairman



J McKenzie, Vice Chairman



N. Robinson, Convener, Finance Committee

The notes on pages 12 to 20 form part of these financial statements.

Cash Flow Statement

For the Year Ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow / (outflow) from operating activities	1	497,396	(17,577)
Returns on investments and servicing of finance	2	(3,775)	2,001
Capital Expenditure	2	(56,526)	(228,968)
		437,095	(244,544)
Financing	2	(230,668)	(26,115)
Increase / (Decrease) in cash in the period		206,427	(270,659)
Reconciliation of net cash flow to movement in net debt:			
Increase / (Decrease) in cash in the period		206,427	(270,659)
Change in net debt		230,670	26,119
Net cash funds at 1 April 2014		1,438,011	1,682,551
Net cash funds at 31 March 2015		1,875,108	1,438,011
1. Reconciliation of operating surplus to net cash inflow from operating activities:-			
Operating surplus		127,741	88,502
Depreciation		35,561	36,999
Decrease / (Increase) in debtors		144,774	(133,142)
Increase / (Decrease) in creditors		189,320	(9,936)
Net cash inflow / (outflow) from operating activities		497,396	(17,577)
2. Analysis of cash flows for headings netted in the cash flow statement			
Returns on investments and servicing of finance:			
Interest received		17,069	14,105
Interest paid		(20,844)	(12,104)
Net cash (outflow) / inflow for returns on investments and servicing of Finance		(3,775)	2,001
Capital Expenditure:			
Purchase and refurbishment of properties		(46,338)	(228,968)
Purchase of other fixed assets		(19,688)	-
HAG and other grants		-	-
Sale of Assets		9,500	-
Net cash outflow for capital expenditure		(56,526)	(228,968)
Financing:			
Share cancelled		(1)	-
Shares issued		3	4
Loans repaid		(230,670)	(26,119)
Net cash outflow from financing		(230,668)	(26,115)

Cash Flow Statement (continued)

3. Analysis of changes in net debt:

	At 1 April 2014 £	Cash Flow £	At 31 March 2015 £
Net Cash	1,847,787	152,016	1,999,803
Cash at bank	(179,106)	54,411	(124,695)
Bank overdrafts	<u>1,668,681</u>	<u>206,427</u>	<u>1,875,108</u>
Mortgages due < 1 year	(27,192)	27,192	-
Mortgages due > 1 year	<u>(203,478)</u>	<u>203,478</u>	-
	<u>(230,670)</u>	<u>230,670</u>	<u>-</u>
	<u>1,438,011</u>	<u>437,097</u>	<u>1,875,108</u>

Notes to the Financial Statements for the Year Ended 31 March 2015

1. ACCOUNTING POLICIES

(a) Introduction and Accounting Basis

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies of the Association are set out in paragraphs (b) to (p) below. These financial statements are prepared under the historical cost convention and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Statement of Recommended Practice – Accounting by Registered Social Housing Providers (2010), and the Determination of Accounting Requirements 2012, issued by the Scottish Housing Regulator.

(b) Going Concern

The Association has a healthy cash position and the Board of Management anticipates a surplus for 2015/16 and 2016/17. The Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Board continues to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in Note 2 will be grant aided, funded by loan or met out of reserves.

(d) Mortgages

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

(e) Housing Association Grants

Housing Association Grants (HAG) are made by The Scottish Government and are utilised to reduce the amount of mortgage loan 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 costs (Note 1 (g)) of the scheme in accordance with instructions issued from time to time by The Scottish Government. Housing Association Grant is paid directly to the Association as required to meet its liabilities during the development process.

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

(f) Revenue and Hostel Deficit Grants

Revenue and Hostel Deficit Grants are payable to the Association at the discretion of The Scottish Government. They are credited to the income and expenditure account in the year in which the deficits occur. The amount credited to the income and expenditure account is evaluated in accordance with the principles used by The Scottish Government for assessing claims for Hostel Deficit Grants.

(g) Housing Association Grant - Acquisition and Development Allowances

Acquisition and Development Allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing properties for approved schemes.

These are credited to the income and expenditure account so as to match the related costs.

(h) Fixed Assets - Housing Properties (Note 2)

Housing properties are stated at cost. The development cost of housing properties funded with traditional HAG or under earlier funding arrangements includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure; and
- (iii) interest charged on the mortgage loans raised to finance the scheme during the development stage.

These costs are either termed "qualifying costs" by The Scottish Government for approved Housing Association Grant schemes and are considered for mortgage loans by the relevant lending authorities, or are met out of the Association's reserves.

All invoices and architect's certificates relating to capital expenditure incurred in the year are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the year end. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Notes to the Financial Statements for the Year Ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

(i) Depreciation

(i) Housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the cost (net of social housing grant) of freehold housing properties other than freehold land to their estimated residual value on the straight line basis over their expected useful economic lives at the following annual rates:

Supported Housing properties:

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

Structure	50 years
Roofs	50 years
Windows	25 years
Bathrooms	25 years
Kitchens	15 years
Boilers	15 years
Radiators	25 years

(ii) Other fixed assets:

Office equipment (20%) motor vehicles (25%) and furniture and office fittings (20%) have been depreciated on cost, except where cost has been covered by Housing Association Grant.

(j) Designated Reserves (Note 6)

Reserve for future cyclical maintenance

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided for to the extent that it will not be met from revenue in the year in which it is incurred, such works encompassing internal and external decoration of the Association's properties and other such cyclical items of a repair and maintenance type.

Insurance Reserve

The reserve is based on the Association's liability to meet the first £5,000 on any claim made under its insurance policy, to cover the cost of the policy excess in such cases where a claim is made against the Association's insurance policy.

Property Refurbishment Reserve

The reserve is based on the Association's liability to meet the cost of Property Refurbishment in respect of properties operated by the Association, to the extent that this will not be met from revenue in the year in which it is incurred, and does not include such items as would ordinarily be capitalised and subsequently depreciated in terms of the Association's depreciation policy.

(k) Apportionment of Employee and Administration Costs

Direct employee, administration and operating costs have been apportioned to the hostel revenue account and the relevant sections of the income and expenditure account on the basis of the actual expenditure. Management and administration costs are further apportioned on the basis of total costs.

(l) Pensions

The Association operates a defined contribution pension scheme in respect of its employees. The assets of the scheme are held separately from those of the Association. The pension cost charge to the Income and Expenditure Account represents the total contributions payable by the Association to the scheme in respect of the year.

(m) Turnover

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, Supporting People income and revenue grants from local authorities.

(n) Supporting People

Supporting People income and expenditure relating to services is accounted for on an accruals basis.

(o) Operating Leases

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

(p) Taxation

The Association is a regulated charity and is exempt from corporation tax on its charitable activities.

Notes to the Financial Statements for the Year Ended 31 March 2015

2. TANGIBLE FIXED ASSETS	Freehold Housing Properties	Land and Buildings	Investment Property	Motor Vehicles	Office Equipment	TOTAL
	£	£	£	£	£	£
COST						
At beginning of year	4,572,756	508,127	28,784	69,543	27,635	5,206,845
Additions during year	-	46,338	-	19,688	-	66,026
Disposals during year	-	-	-	(19,695)	-	(19,695)
At end of year	4,572,756	554,465	28,784	69,536	27,635	5,253,176
Housing Association & Other Grants						
At beginning of year	3,231,362	-	-	-	-	3,231,362
Addition during year	-	-	-	-	-	-
Disposals during year	-	-	-	-	-	-
At end of year	3,231,362	-	-	-	-	3,231,362
Depreciation						
At beginning of year	137,318	-	-	30,995	27,635	195,948
Provided during year	21,430	-	-	14,131	-	35,561
Eliminated on Disposals	-	-	-	(10,258)	-	(10,258)
At end of year	158,748	-	-	34,868	27,635	221,251
Net Book Value at 31.3.2015	1,182,646	554,465	28,784	34,668	-	1,800,563
Net Book Value at 31.3.2014	1,204,076	508,127	28,784	38,548	-	1,779,535

3. DEBTORS	2015 £	2014 £
Amounts falling due within one year		
Rental Arrears	317,035	469,054
Less provision for bad debts	(30,129)	(25,049)
	286,906	444,005
Other Debtors	100,441	89,676
	387,347	533,681

4. CREDITORS	2015 Amounts falling due		2014 Amounts falling due	
	Within one year £	After more than one year £	Within one year £	After more than one year £
Bank Overdraft	124,695	-	179,106	-
Mortgage Accounts	-	-	27,192	203,478
Other Creditor	158,149	-	42,254	-
Accrued Charges	233,418	-	161,134	-
	516,262	-	409,686	203,478

The Association's borrowings from the Royal Bank of Scotland Plc secured on the subjects at 23/25 Clydesdale Street, Hamilton, 26/28/30 Bank Street, Kilmarnock and Shore Street Flats, Oban, were redeemed in full during the year:-

	2015 £	2014 £
Within one year (included in current liabilities)	-	27,192
Between one and two years	-	28,548
Between two and five years	-	94,356
Between five and ten years	-	80,574
	-	230,670

Notes to the Financial Statements for the Year Ended 31 March 2015

5. SHARE CAPITAL	2015 No.	2014 No.
Shares of £1 each allotted, issued and fully paid	45	41
At 1 April 2014	3	4
Issued during year	<u>48</u>	<u>45</u>
Cancelled during year	(1)	-
At 31 March 2015	<u>47</u>	<u>45</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends on a winding up. Each member has a right to vote at members' meetings. During the year 1 share was cancelled (2014: nil).

6. DESIGNATED RESERVES

	Cyclical Maintenance Reserve £	Insurance Reserve £	Property Refurbishment Reserve £	Total £
Designated Reserves				
At beginning of year	266,543	94,521	771,103	1,132,167
Transfer from revenue	9,088	2,400	17,700	29,188
At end of year	<u>275,631</u>	<u>96,921</u>	<u>788,803</u>	<u>1,161,355</u>

7. TAX ON ORDINARY ACTIVITIES

The Association has charitable status for tax purposes and no liability to corporation tax arises.

8. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	2015 £	2014 £
Turnover is stated after:		
Rent loss from voids	<u>227,927</u>	<u>221,808</u>
Operating costs are stated after:		
Rent losses from bad debts	<u>92,112</u>	<u>95,652</u>

9. INTEREST PAYABLE

	2015 £	2014 £
Bank loan Interest	<u>19,703</u>	<u>12,035</u>

10. SURPLUS FOR THE YEAR

The surplus for the year is stated after charging

	2015 £	2014 £
Depreciation	35,561	36,999
Operating lease rentals: land & buildings	527,404	504,630
Auditor remuneration: Audit services	7,217	7,260
Auditor remuneration: Internal audit services	-	-
Auditor remuneration: Other services pursuant to legislation	-	-
Auditor remuneration: Other services	<u>1,140</u>	<u>1,326</u>

Notes to the Financial Statements for the Year Ended 31 March 2015

11. Directors' Emoluments

The directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the chief executive or the Board of Management whose total emoluments (excluding pension contributions) exceed £60,000 per year. No emoluments were paid to any member of the Board of Management during the year.

	2015	2014
	£	
Emoluments of Chief Executive (excluding pension contributions)	<u>72,154</u>	<u>69,815</u>
Pension contributions in respect of the Chief Executive totalled £6,032 (2014: £5,834) in the year.		
	2015	2014
	£	£
Emoluments payable to highest paid director (excluding pension contributions)	<u>72,154</u>	<u>69,815</u>
	2015	2014
	No of	No of
	Directors	Directors
The emoluments (excluding pension contributions) of the directors were in the following ranges:		
£60,000 to £65,000	1	1
£65,001 to £70,000	-	-
£70,001 to £75,000	<u>1</u>	<u>1</u>
	2015	2014
	£	£
Total emoluments (excluding pension contributions) paid to those earning more than £60,000	<u>137,083</u>	<u>133,667</u>
Pension contributions of directors earning more than £60,000	<u>11,146</u>	<u>10,709</u>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>703</u>	<u>719</u>

Notes to the Financial Statements for the Year Ended 31 March 2015

12. OBLIGATIONS UNDER LEASE CONTRACTS

The following operating lease payments are committed to be paid within one year:

	Land & Buildings	
	2015	2014
	£	£
Expiring: within one year	550,600	549,100

13. REVENUE GRANTS

Grants have been received from Glasgow City Council to supplement income for hostel accommodation in the sum of £72,000 (2014: £72,000).

14. CAPITAL COMMITMENTS

	2015	2014
	£	£
Contracted Less Certified		
HAG Funded	Nil	Nil
Loan Funded/From Existing Funds	Nil	Nil
Authorised by Management Board but Not Contracted	Nil	30,000
	Nil	30,000

15. PAYMENT TO MEMBERS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, ETC

	2015	2014
	£	£
Fees, remuneration or expenses payable to members of the Association who were neither members of the Management Board nor employees of the Association	None	None
Fees, remuneration or expenses payable to members of the Management Board of the Association who were neither officers nor employees of the Association	None	198
Fees, remuneration or expenses paid to officers of the Association who were not employees.	None	None
Payments or gifts made, or benefits granted, to the persons referred to in Schedule 7 of the Housing (Scotland) Act 2010 Control of Payments and Benefits.	None	None

16. EMPLOYEES AND EMPLOYEE COSTS

	2015	2014
	No	No
Average number of employees (including part-time and relief workers)	307	351
Average number of employees (whole time equivalents)	261	285
<u>Employee costs during year</u>		£
Wages and salaries	5,452,237	5,344,937
National insurance contributions	420,062	416,246
Other pension costs	149,627	116,897
	6,021,926	5,878,080

17. LEGISLATIVE PROVISIONS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014

Notes to the Financial Statements for the Year Ended 31 March 2015

18. REVENUE RESERVE

	2015 £	2014 £
Surplus for the financial year	123,610	89,879
Transfer to designated reserves	(29,188)	(1,820)
	<u>94,422</u>	<u>88,059</u>
Opening funds	2,415,627	2,327,568
	<u>2,510,049</u>	<u>2,415,627</u>

19. HOUSING STOCK

The number of units of accommodation owned by the Association was as follows:

	2015 No.	2014 No.
Average number of units of special needs accommodation in management during the year was:	<u>123</u>	<u>122</u>

20. ACCOMMODATION MANAGED BY REGISTERED SOCIAL LANDLORD

The number of units of accommodation owned or leased by the Association and also managed was as follows:

Average number of units of special needs accommodation in management during the year, owned or leased accommodation was as follows:

	2015 No.	2014 No.
At start of year	<u>290</u>	<u>280</u>
At end of year	<u>297</u>	<u>290</u>

21. ACCOMMODATION MANAGED BY OTHERS

The number of units of accommodation owned by the Association and managed by others was as follows:

Accommodation managed by Registered Social Landlord

Average number of units of special needs accommodation managed by others

	2015 No.	2014 No.
At start of year	<u>27</u>	<u>27</u>
At end of year	<u>27</u>	<u>27</u>

These units are managed by Glasgow City Council which pays a rental to the Association for these properties.

22. CONTINGENT LIABILITY

Blue Triangle (Glasgow) Housing Association Limited has received Housing Association Grants of £3,231,362 in respect of the purchase and renovation of certain properties. Whilst the Association has no plans to sell any of these properties, should the sale of a property take place, the Association has an obligation to refund the specific grant relating to the property.

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

	Turnover	Operating Costs	Operating Surplus or Deficit	Turnover	Operating Costs	Operating Surplus or Deficit
	2015	2015	2015	2014	2014	2014
	£	£	£	£	£	£
Social Lettings (note 24)	8,073,921	7,946,180	127,741	7,922,674	7,834,172	88,502
Other Activities (note 25)	-	-	-	-	-	-
Total	8,073,921	7,946,180	127,741	7,922,674	7,834,172	88,502

Notes to the Financial Statements for the Year Ended 31 March 2015

24. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES.

	General Needs Housing £	Supported Housing Accommodation	Shared Ownership Housing	Total 2015	Total 2014
Income from rent and service charges					
Rent receivable net of service charges	-	7,287,547	-	7,287,547	7,252,427
Service Charges	-	-	-	-	-
Gross Income from rents and service charges	-	7,287,547	-	7,287,547	7,252,427
Less Voids	-	227,927	-	227,927	221,808
Net income from rents and service charges	-	7,059,620	-	7,059,620	7,030,619
Other revenue grants	-	1,009,891	-	1,009,891	886,287
Handyman services	-	4,410	-	4,410	5,768
Total turnover from social letting activities	-	8,073,921	-	8,073,921	7,922,674
Expenditure					
Management and Maintenance administration costs	-	1,258,506	-	1,258,506	1,371,518
Service Costs	-	6,179,519	-	6,179,519	5,966,704
Planned and cyclical maintenance including major repairs costs	-	110,911	-	110,911	126,280
Reactive maintenance costs	-	283,702	-	283,702	253,320
Bad debts -rents and service charges	-	92,112	-	92,112	95,652
Depreciation of social housing	-	21,430	-	21,430	20,698
Impairment of social housing	-	-	-	-	-
Operating costs for social letting activities	-	7,946,180	-	7,946,180	7,834,172
Operating surplus or deficit for social lettings for 2015	-	127,741	-	127,741	-
Operating surplus or deficit for social letting for 2014	-	88,502	-	-	88,502

Notes to the Financial Statements for the Year Ended 31 March 2015

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit 2015	Operating surplus or deficit 2014
	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Total from other activities for 2015	-	-	-	-	-	-	-	-	-
Total from other activities for 2014	-	-	-	-	-	-	-	-	-

Undertaken to support the community, other than the provision, construction, improvement and management of housing.