

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2010

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2010

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Registration information

Financial Services Authority

Industrial and Provident Societies Act 1965
Registered number: 2525RS

The Scottish Housing Regulator

Housing (Scotland) Act 2001
Registered number: HAL301

Registered Charity

Registered number: SC035819

BRIDGEWATER HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

Committee of Management

Angela Westrop (Chairperson)
William Robertson (Vice Chairperson)
Jansen Healing (Secretary)
Phyllis Clayson
Frank Bradley
John Madden
David Arthur
Robert McNally
Aileen Naismith
Vivien MacKay
Councillor Jim McQuade (Resigned 28.10.09)
Hugh Cameron
Tracey Love (Resigned 26.8.09)
Heather Stirling

Executive Officer

Ian McLean, Director

Registered Office

1st Floor
Bridgewater Shopping Centre
Erskine
PA8 7AA

Auditor

Chiene + Tait
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers/Funders

The Royal Bank of Scotland plc
27 Canal Street
Renfrew
PA4 8QG

Nationwide Building Society Limited

Housing Finance
Commercial Division
Nationwide Building Society
Northampton
NN3 6NW

Solicitors

Harper MacLeod LLP
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2010

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2010.

Principal activities

The principal activities of the Association are:

1. The provision and management of housing for rent.
2. The provision of services to owner-occupiers where the Association either factors property or has some other relationship with the owner of the property within Erskine.
3. The Managing Agent for Renfrewshire and East Renfrewshire Care and Repair Project.

Charitable Objects

Bridgewater Housing Association Limited has been formed for the benefit of the community. Its objects are to carry on for the benefit of the community:

- The business of providing housing accommodation and assistance to help house people and associated families; and
- Providing associated facilities and amenities for poor people; and
- Providing for the relief of aged disabled, handicapped (whether physically or with a learning difficulty); or chronically sick people

and as a means of achieving these objectives:

- To provide, build and improve and manage housing and associated facilities specially designed or adapted for such people who are poor, old, sick, or who have a physical or learning disability.
- To provide or arrange home maintenance, repair and improvement services for such people who are poor, old, sick or who have a physical or learning disability.
- To carry out any activity allowed under Section 58 of the Housing (Scotland) Act 2001 which is charitable.
- To provide land and buildings to meet the needs of such people who are poor, old, sick or who have a physical or learning disability.
- To provide facilities and services for the benefit of such people either exclusively for them or together with other persons.

Permitted Activities

The Association's permitted activities and powers include anything which is necessary and expedient to help us achieve these objects. As a Landlord and Managing Agent we will:

- Have regard for the requirements of public accountability;
- Use any money we receive carefully and properly; and
- Consider the welfare of the people who live in the properties we are responsible for.

Review of the Business

Bridgewater Housing Association's mission is to be a customer focused organisation, which delivers the best affordable housing and services to people that need them. Consequently we have organised our business and our priorities in order to achieve this mission.

PRIORITIES

Our priorities for 09/10 have been to:

- Improve our operational performance
- Improve our efficiency
- Improve our asset management
- Improve our planning processes
- Improve our organisational effectiveness
- Improve our risk management

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Cont'd.)

For the year ended 31 March 2010

Review of the Business (cont'd.)

PRIORITIES (cont'd.)

- Improve our governance
- Improve our resident involvement

Our focus during the financial year has been to deliver on these eight priorities and we have had varying degrees of success in achieving progress in relation to all of our priorities. These priorities form an important plank of our Business Plan 09/12 and continue to be the cornerstone of our Departmental Activity Plans into 2010/11.

PERFORMANCE INSPECTION

The most significant event which the Association was involved in during 09/10 was the publication of the Association's Performance Inspection Report. The inspection was carried out by the Scottish Housing Regulator under section 69 of the Housing (Scotland) Act 2001 on behalf of Scottish Ministers. The purpose of the Inspection was to provide an independent external assessment of the effectiveness of housing service delivery and make recommendations to help improvement.

In carrying out the Inspection, the Scottish Housing Regulator asked two key questions of Bridgewater:

- How good are the services being inspected?
- How well are these services being managed for improvement?

The Scottish Housing Regulator awarded the Association a B grade overall. This is a good performance. Overall the Regulator's assessment is that Bridgewater has many strengths and some weaknesses. The Association delivers accessible and good quality services, reports consistently high levels of tenant satisfaction and works with its customers to improve its services. It has a good awareness of where it needs to improve, is making progress on developing its new corporate strategy and was very responsive to the regulator's feedback during the inspection.

The Association is pleased with the outcome of the inspection and has been working during the year to address the weaknesses in our corporate planning which the Regulator identified.

SHQS

The Association, like all public housing providers, will have to improve all of its housing stock to meet the Scottish Housing Quality Standard by 2015. Consequently, the Association commissioned a firm of Surveyors to inspect our stock during 2009 and to produce a new 30 year life cycle costing plan. This exercise concluded that our stock was in better shape than we first thought and consequently our SHQS compliance stands at around 80% of the stock as opposed to around 30% last year. The information obtained from the stock inspection has informed the Association's stock investment programme to 2015 and beyond and forms an important part of the developing Asset Management Strategy.

WIDER ROLE

The Association continued to support its wider role objectives through participating in a number of joint projects with other Housing Associations which operate locally within Renfrewshire and East Renfrewshire. These schemes included:

- Projects to help vulnerable tenants sustain their tenancy
- Projects to help tenants maximise their benefit entitlement
- Projects to help people with learning disabilities to access employment
- Projects to divert young people from anti social behaviour

The Association received grants to help facilitate these projects.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Cont'd.)

For the year ended 31 March 2010

Review of the Business (cont'd.)

NEW BUILD

The Association continued to work on its plans for a programme of new build at the site known as Rashielee North. A number of obstacles have had to be overcome, not least a range of requirements by the Planning Authority and the cost of the final scheme. The Association now believes that it is close to achieving a site start and to eventually providing over 90 new properties for people who are in housing need. This will be the first mainstream, public housing built in Erskine for 30 years.

PROCUREMENT

The Association has entered into a partnership with other local Housing Associations in Renfrewshire, East Renfrewshire and Inverclyde. The purpose of the partnership is to develop new and innovative ways of procuring goods and services including maintenance and development contractors. This is consistent with the national agenda of ensuring value for money through joint procurement and makes sense both from a business point of view and within the context of the current economic climate.

HOUSING SUPPORT

With the squeeze on local authority budgets, including the money which local authorities use to fund housing support projects, we have continued to review the Housing Support Service and implemented a new revised service which combines our desire to provide the best service possible for our most vulnerable tenants whilst at the same time ensure that we can do that within the budget provided by the Council.

SALE AND PURCHASE AGREEMENT

During the course of the year, we successfully negotiated with the Scottish Government, following consultation with the Association's tenants, to set aside the Sale and Purchase Agreement which Scottish Homes and the Association signed on the date the Association took over from Scottish Homes. This Agreement stipulated a range of rights and obligations of both parties, including the obligation on the Association to pay back to the Scottish Government any monies gained from RTB sales which were over and above what was predicted at the time. The Scottish Government have now agreed to set aside the contract and allow Bridgewater to retain these receipts and the Association's Annual Accounts for 09/10 reflect this decision. The Association will be able to utilise these monies to assist in the funding of its Rashielee North New Build Development.

THE FUTURE

The Association is all too acutely aware that 2010/11 is likely to be an extremely challenging year for the public sector and whilst the Association is not wholly part of the public sector it will feel the effects of cuts in public expenditure, either directly through less grant being made available or indirectly when our customers find it increasingly difficult to pay bills. The Association will need to place itself in a position to ensure that it protects the services that it provides and importantly protects its customers as far as possible from the worst effects of the current economic situation.

Statement of Management Committee's responsibilities

The Industrial and Provident Societies Acts and registered social housing legislation requires the Committee to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and the surplus or deficit of the Association for that period. In preparing those financial statements the 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; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The 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 it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Cont'd.)

For the year ended 31 March 2010

Statement of Management Committee's responsibilities (cont'd.)

Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

The Committee 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.

Statement on Internal Financial Control

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

The 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 RSL, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation.

Key elements of the RSL'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 the RSL'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 governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term.
- authorisation of all expenditure by senior staff and committee.
- the Association has a corporate strategy in place which details the strategic and operational objectives of the business.
- there are controls in place to ensure that the organisation meets its covenants as detailed in its loan agreement with lenders.
- the treasury management policy ensures that borrowing and investment are based on an assessment of risk.
- the organisation has 30 year cashflow projections which are updated annually. The underlying assumptions show a good understanding of the Association's business objectives, key risks and commitments and includes up to date life cycle costing information.
- Internal auditors have been appointed and an internal audit plan agreed.
- A risk management plan is in place which takes a structured approach to the identification and analysis of key risks, the likelihood of these materialising and their possible impact.
- Adequate insurance for the business has been taken out.

Auditor

A resolution to re-appoint Chiene + Tait, as external auditor, will be proposed at the Annual General Meeting.

BY ORDER OF THE COMMITTEE

Jansen Healing
HEALING
Secretary

28/07/2010

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

This report is issued in respect of an audit carried out under Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of Bridgewater Housing Association for the year ended 31 March 2010 set out on pages 8 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Association's Members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, and to the Association's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Association's Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's Members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Management Committee and auditors

The Management Committee's Responsibilities for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Management Committee's Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Management Committee and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BRIDGEWATER HOUSING ASSOCIATION LIMITED (Cont'd.)**

Opinion

In our opinion the financial statements;

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Corporate Governance Matters

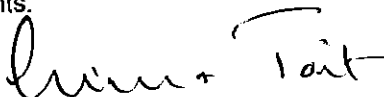
In addition to our audit of the financial statements, we have reviewed the Management Committee's statement concerning internal financial control made under "The Code of External Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Basis of Opinion

We carried out our review in accordance with guidance by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

With respect to the Management Committee's statements on internal financial control, in our opinion the Management Committee has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.



CHIENE + TAIT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

16 August 2010

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	4,121,870	4,141,035
Operating costs	2	2,935,352	3,452,245
Operating surplus		1,186,518	688,790
Gain on sale of housing properties			
On disposals in the year		-	32,826
Exceptional item: release of creditor in contract termination	16	1,248,252	-
		1,248,252	32,826
Gain on sale of assets		70	-
Interest receivable and other income		18,166	113,167
Interest payable and similar charges	8	(636,457)	(627,837)
Surplus on ordinary activities before taxation		1,816,549	206,946
Taxation	9	-	-
Surplus for the year	16	1,816,549	206,946

The results for the year relate wholly to continuing activities.

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

The notes on pages 11 to 22 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2010

	Notes	2010 £	2009 £
Tangible fixed assets			
Housing properties - cost less depreciation	10	16,362,764	16,218,047
<u>Less: SHG and other grants</u>	10	(7,235,768)	(7,066,567)
		-----	-----
Other fixed assets	11	109,968	128,216
		-----	-----
		9,236,964	9,279,696
		-----	-----
Current assets			
Debtors	12	885,116	1,117,237
Cash at bank and in hand		5,187,284	4,353,181
		-----	-----
Creditors: amounts falling due within one year	13	1,101,540	2,608,843
		-----	-----
Net current assets		4,970,860	2,861,575
		-----	-----
Total assets less current liabilities		14,207,824	12,141,271
		-----	-----
Creditors: amounts falling due after more than one year	14	10,044,458	9,794,458
		-----	-----
Net assets		4,163,366	2,346,813
		=====	=====
Capital and reserves			
Share capital	15	186	182
Designated reserves	16	3,515,080	2,266,828
Revenue reserves	16	648,100	79,803
		-----	-----
		4,163,366	2,346,813
		=====	=====

The financial statements on pages 11 to 22 were approved by the Committee of Management on 28 JULY 2010 and were signed on its behalf by:

Angela Westrop Chairperson
A Westrop

W Robertson Vice-Chairperson
W Robertson

J Healing Secretary
J Healing

The notes on pages 11 to 22 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	17	1,318,672	809,869
Returns on investments and servicing of finance	18	(618,291)	(514,670)
Capital expenditure	18	(116,290)	(462,988)
		<u>584,091</u>	<u>(167,789)</u>
Financing	18	250,012	6
Increase/(decrease) in cash	20	<u>834,103</u>	<u>(167,783)</u>

The notes on pages 11 to 22 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2010

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (j) below.

These financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Registered Social Landlords" 2008, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

(b) Turnover

Turnover represents rental income, factoring income from owner occupiers, supporting people grant and sundry other items and is recognised when the Association has a right to the income.

(c) Sales of properties

Gains or losses on disposal of housing properties are included in the Income and Expenditure Account.

(d) Fixed assets - housing properties

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:

- Cost of acquiring land and buildings;
- Development expenditure including administration costs.

These costs are termed "qualifying costs" by the Scottish Government for approved social housing grant schemes.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year end.

Where developments have been financed wholly or partly by SHG the cost of these developments has been reduced by the amount of the grant received. The amount of grant received is shown separately on the balance sheet.

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

(e) Works to existing housing properties

Where work on existing housing properties is likely to enhance their value by increasing the net rental stream over the life of the properties it is accounted for as an improvement and capitalised in note 10. Works on existing properties that are not regarded as enhancing their value are charged to the income and expenditure account and included under maintenance costs in note 3.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

(f) Depreciation

Housing properties at cost, less grants received, less land, are depreciated on a straight-line basis over their useful lives of 50 years.

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life as follows:

Leasehold improvements	-	over remaining life of lease
Office equipment	-	20% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	33 1/3% straight line
Motor vehicles	-	25% straight line

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

(g) Leased Assets

Operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term.

(h) Designated reserves (note 16)

Major component replacement reserve

This reserve is intended to provide funding for the future major component replacement expenditure of the business to ensure that the Association abides by its purchase contract with the Scottish Government.

(i) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(j) Pensions (note 21)

The Association participates in the Scottish Federation of Housing Associations' defined benefits pension scheme. The Scheme is a multi-employer scheme where scheme assets are co-mingled for investment purposes, benefits are paid from total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

2. Particulars of turnover, operating costs and operating surplus

	Turnover	Operating Costs	Operating surplus or deficit	Operating surplus or deficit 2009
	£	£	£	£
Social lettings (note 3)	2,985,291	1,751,774	1,233,517	692,888
Other activities (note 4)	1,136,579	1,183,578	(46,999)	(4,098)
Total	4,121,870	2,935,352	1,186,518	688,790
2009	4,141,035	3,452,245	688,790	

3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	Housing Accommodation	Supported Housing	2010 Total	2009 Total
	£	£	£	£
Rent receivable net of service charges	2,377,587	450,712	2,828,299	2,746,587
Service charges	-	181,356	181,356	140,566
Gross income from rents and service charges	2,377,587	632,068	3,009,655	2,887,153
<u>Less: Voids</u>	<u>7,499</u>	<u>16,865</u>	<u>24,364</u>	<u>37,141</u>
Total turnover from social letting activities	2,370,088	615,203	2,985,291	2,850,012
Management and maintenance administration Costs	620,779	149,428	770,207	800,611
Service costs	-	178,750	178,750	140,566
Planned and cyclical maintenance including major repair costs	329,957	50,106	380,063	739,774
Reactive maintenance costs	252,853	46,536	299,389	353,495
Bad debts (rents and service charges)	4,064	978	5,042	5,645
Depreciation of social housing	80,623	37,700	118,323	117,033
Operating costs for social letting activities	1,288,276	463,498	1,751,774	2,157,124
Operating surplus for social lettings	1,081,812	151,705	1,233,517	692,888

There is no impairment of social housing to report.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 March 2010

4. 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 £	Other operating costs – bad debts £	Other operating costs £	Operating surplus or (deficit) 2010 £	Operating surplus or (deficit) 2009 £
Wider role activities, undertaken to support the community, other than the provision, construction, improvement and management of housing	45,455	-	-	41,281	86,736	-	102,386	(15,650)	(18,731)
Care & Repair	-	431,086	-	-	431,086	-	431,086	-	-
Factoring	-	-	-	436,168	436,168	11,166	425,002	-	-
Support activities	-	-	54,981	88,920	143,901	-	213,938	(70,037)	(17,450)
Other agency/management services	-	-	-	32,037	32,037	-	-	32,037	22,134
Other activities	-	-	-	6,651	6,651	-	-	6,651	9,949
Total from other activities	45,455	431,086	54,981	605,057	1,136,579	11,166	1,172,412	(46,999)	(4,098)
Total from other activities for 2009	150,820	404,985	171,889	563,329	1,291,023	2,374	1,292,747	(4,098)	

There are no activities to report other than those reported above.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

5. Officers' emoluments

Officers are defined as the members of the Management Committee, the Director and any other manager whose total emoluments (excluding pension contributions) exceed £60,000 per annum. No emoluments were paid to any member of the Management Committee during the year and there were no officers whose emoluments were above £60,000 for the year (2009: none).

Details of emoluments paid to the Director/Chief Executive follow.

	2010 £	2009 £
Emoluments payable to Chief Executive (highest paid officer) (excluding pension contributions of £8,684)	57,820 =====	57,782 =====
Total expenses reimbursed to Officers in so far as not chargeable to United Kingdom income tax	902 =====	1,452 =====

6. Employee information

The average weekly full time equivalent number of persons employed during the year was:

	2010 £	2009 £
Office staff	17	18
Wardens, caretakers and cleaners	5	5
Care and repair staff	10	10
	----- 32 =====	----- 33 =====

Staff costs (including directors' emoluments):

Wages and salaries	894,289	883,777
Social security costs	72,141	71,512
Pension costs (note 21)	98,755	99,083
	----- 1,065,185 =====	----- 1,054,372 =====

7. Auditor's remuneration

	2010 £	2009 £
- in their capacity as auditor	7,084	6,200
- under provision for previous year	728	750
	----- 7,812 =====	----- 6,950 =====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

8. Interest payable and similar charges	2010	2009
	£	£
Interest payable on private loans	628,797	627,837
Loan Arrangement fees	7,660	-
	-----	-----
	636,457	627,837
	=====	=====

9. Taxation

The Association was registered as a Scottish Charity on 19 July 2004 and there is no liability for Corporation Tax in respect of the year ended 31 March 2010.

10. Tangible fixed assets - housing properties	Housing Properties Held for Letting	Housing Properties Under Development	Total
	£	£	£
Cost			
At start of year	15,083,601	1,847,617	16,931,218
Additions during year	177,729	85,311	263,040
	-----	-----	-----
At end of year	15,261,330	1,932,928	17,194,258
	-----	-----	-----
Depreciation			
At start of year	713,171	-	713,171
Charge for year	118,323	-	118,323
	-----	-----	-----
At end of year	831,494	-	831,494
	-----	-----	-----
SHG and other grants			
At start of year	5,218,950	1,847,617	7,066,567
Received during year	100,900	68,301	169,201
	-----	-----	-----
At end of year	5,319,850	1,915,918	7,235,768
	-----	-----	-----
Net book value			
At end of year	9,109,986	17,010	9,126,996
	=====	=====	=====
At start of year	9,151,480	-	9,151,480
	=====	=====	=====

Development administration costs capitalised during the year amounted to £45,559 (2009:£70,967) for which Social Housing Grants amounting to £13,939 (2009: £61,986) were received.

The Association has a development in progress at the year end where the costs to date have been HAG funded. The project is still in the planning stages. Should the Association decide not to progress there would be a requirement to repay the HAG funding – see note 24.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

11. Tangible fixed assets - other fixed assets

	Leasehold improvements £	Furniture fittings & equipment £	Motor vehicles £	Total £
Cost				
At start of year	98,255	283,333	26,137	407,725
Additions during year	-	22,521	-	22,521
Disposals	-	(7,084)	-	(7,084)
At end of year	98,255	298,770	26,137	423,162
Depreciation				
At start of year	47,922	211,985	19,602	279,509
Charge for year	8,188	26,046	6,535	40,769
On disposal	-	(7,084)	-	(7,084)
At end of year	56,110	230,947	26,137	313,194
Net book value				
At end of year	42,145	67,823	-	109,968
At start of year	50,333	71,348	6,535	128,216

12. Debtors

	2010 £	2009 £
Rental arrears	61,389	71,215
<u>Less: Provision for bad debts</u>	(9,000)	(6,000)
	52,389	65,215
Other debtors	111,532	87,746
Prepayments and accrued income	721,195	964,276
	885,116	1,117,237

13. Creditors: amounts falling due within one year

Trade creditors	106,060	229,383
Other creditors	255,721	1,431,627
Accruals and deferred income	739,759	947,833
	1,101,540	2,608,843

14. Creditors: amounts falling due after more than one year

	2010 £	2009 £
Loans:		
Between one and two years	-	-
Between two and five years	1,339,261	633,436
Due in five years or more	8,705,197	9,161,022
	10,044,458	9,794,458

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

14. Creditors: amounts falling due after more than one year (cont'd.)

During the year a loan drawdown of £250,000 was made by the Association. This drawdown was required to secure the loan facility for an additional period of time. Loans are secured by specific charges on the Association's properties and are repayable in instalments commencing in 2013. Interest is payable at varying rates.

15. Share capital	2010	2009
	£	£
At beginning of year	182	185
Shares of £1 each fully paid and issued during the year	12	6
Shares forfeited in year	(8)	(9)
	-----	-----
At end of year	186	182
	=====	=====

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. Where 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.

16. Reserves	Opening Balance	Surplus for year	Transfer	Closing Balance
	£	£	£	£
<u>Designated reserves</u>				
Major component replacement	2,266,828	-	-	2,266,828
Housing property investment	-	-	1,248,252	1,248,252
	-----	-----	-----	-----
	2,266,828	-	1,248,252	3,515,080
<u>Revenue reserve</u>	79,803	1,816,549	(1,248,252)	648,100
	-----	-----	-----	-----
	2,346,631	1,816,549	-	4,163,180
	=====	=====	=====	=====

An amount of £1,248,252 was previously included as a creditor due to the Scottish Government under the stock transfer agreement which allowed the Association to purchase its original housing properties. These monies represented part of the receipts from sales of properties under the Right to Buy legislation. The Government has agreed to terminate the agreement allowing the Association to retain these monies on condition that they are used for certain approved purposes and consequently the Association has released the creditor and transferred the sum to a designated reserve.

17. Reconciliation of operating surplus to net cash inflow from operating activities

	2010	2009
	£	£
Operating surplus	1,186,518	688,790
Depreciation	40,769	39,263
Depreciation on property	118,323	117,033
Increase/(decrease) in debtors	232,121	(314,231)
(Decrease)/increase in creditors	(259,051)	279,023
Shares forfeited	(8)	(9)
	-----	-----
	1,318,672	809,869
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

18. Gross cash flows	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	18,166	113,167
Interest paid	(636,457)	(627,837)
	<u>(618,291)</u>	<u>(514,670)</u>
	=====	=====
Capital expenditure		
Sale of other assets	70	-
Sale of properties	-	58,758
Payments to acquire properties	(263,040)	(922,563)
HAG received	169,201	469,950
Payments to acquire other tangible fixed assets	(22,521)	(69,133)
	<u>(116,290)</u>	<u>(462,988)</u>
	=====	=====
Financing		
Issue of ordinary share capital	12	6
Loan finance issued	250,000	-
Loan finance repaid	-	-
	<u>250,012</u>	<u>6</u>
	=====	=====

19. Analysis of changes in net debt	At 31 March 2009	Cash Flow	Other Changes	At 31 March 2010
	£	£	£	£
Cash in hand and at bank	4,353,181	834,103	-	5,187,284
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(9,794,458)	(250,000)	-	(10,044,458)
	<u>(5,441,277)</u>	<u>584,103</u>	<u>-</u>	<u>(4,857,174)</u>
	=====	=====	=====	=====

20. Reconciliation of net cash flow to movement in net debt (note 19)	2010	2009
	£	£
Increase/(decrease) in cash for the year	834,103	(167,783)
Loans received	(250,000)	-
Change in net debt	<u>584,103</u>	<u>(167,783)</u>
Net debt at 1 April 2009	(5,441,277)	(5,273,494)
Net debt at 31 March 2010	<u>(4,857,174)</u>	<u>(5,441,277)</u>
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

21. Pensions

SFHA scheme

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

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

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

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the valuation of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The current triennial valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010; however the Association has been informed that provisional valuation results indicate that the funding level has fallen to 64.8% of liabilities and that the total contribution rate (employers' and employees' combined contributions) must increase on average by 7% of pensionable earnings from 1 April 2011. A period of consultation with employers has now commenced to consider the valuation results.

The Scheme offers three benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. The Association has decided to continue to operate the final salary benefit structure with the 1/60th accrual rate.

The Association paid contributions at the rate of 15.4% during the accounting period. Member contributions were 7.7%.

As at the balance sheet date there were 21 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

21. Pensions (Cont'd.)

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% pa
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
Pension accrued pre 6 April 2005	2.6
Pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.00% pa)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners.

The long-term joint contribution rate required from employers and members to meet the cost of future benefit accrual were assessed as:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6
Additional rate for deficit contributions	5.3

Employer debt regulations

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

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

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

As the Association continues to offer membership of The Scheme to its employees, it regards crystallisation of the buy-out debt as being remote and therefore no provision is required.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2010

22. Housing stock

The number of units of accommodation in management was as follows:

	Units in Management	
	2010	2009
General needs	620	619
Supported	149	149
Properties managed on behalf of other organisations	7	7
	-----	-----
	776	775
	=====	=====

23. Commitments

Capital expenditure that has been contracted for but has not been provided for in the financial statements

	2010	2009
	£1.7m	£0.6m
	=====	=====

In addition maintenance contracts extending for a further two years from the balance sheet date have been entered into.

24. Contingent liabilities

As described in note 10, the Association has a project in the early stage of development where all costs to date (site acquisition and development administration costs) have been HAG funded. Similar to other HAG funded projects, if the development does not progress, there is a possibility that HAG currently estimated at £500K, in respect of development administration costs, may become repayable.

In relation to the Association's development of Clayson House, a contingent liability exists in respect of claims for additional costs from the contractor. The Association is strenuously defending this claim and has provided for all amounts which it regards as properly due. It is not possible to quantify the level of any costs which may become payable in this dispute.

	2010		2009	
	Office Equipment £	Property £	Office Equipment £	Property £
25. Operating lease commitment				
Operating leases which expire:				
Within two to five years	3,207	-	1,919	-
Over five years	-	41,150	1,345	41,150
	-----	-----	-----	-----
	3,207	41,150	3,264	41,150
	=====	=====	=====	=====

26. Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965.

27. Related parties

During the year ended 31 March 2010 Jansen Healing, Phyllis Clayson, William Robertson, Aileen Naismith, Hugh Cameron and Heather Stirling were members of the Management Committee and tenants of Bridgewater Housing Association. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy.

STATEMENT OF OPERATING COSTS
for the year to 31 March 2010

2009 £	TOTAL £	Housing Management £	Reactive Maintenance £	Major/Planned Maintenance £	Housing Support £	Factored £	Wider Role	Care & Repair £	Finance & Admin £
Employee Costs									
915,692 Salaries & NI	942,445	135,696	61,060	61,060	159,820	44,137		289,912	190,760
94,148 Pension Costs	95,381	17,608	3,635	3,635	6,300	2,451		35,056	26,896
5,987 Freelance Fees	0								
1,015,737	1,037,826	153,304	64,695	64,695	166,120	46,588	0	324,988	217,456
Estate Costs									
372,657 Reactive Maintenance	322,663		302,828			19,837			
48,595 Medical Adaptations	46,563		46,563						
1,059,202 Major Reps & Planned Maint.	703,441			380,063		323,378			
15,057 Rots Repairs Expenditure	0								
117,033 Property Depreciation	118,323	118,323							
5,104 Special Services	6,455	2,955				3,500			
52,784 Housing Support Other Costs	35,157				35,157				
95,163 Rashlelee South Service Costs	99,874	99,874							
45,403 Blantyre Court	78,877	78,877							
0 Disability Discrimination Act Costs	0								
49,751 Property Insurance	35,422	30,309				5,113			
13,276 Rent Collection Costs	7,778	5,278				2,500			
12,938 Owners Commission	9,199					9,199			
-52,757 HAG/Grant Received	-50,000		-50,000						
1,834,206	1,413,752	335,616	299,389	380,063	35,157	383,527	0	0	0
Office Overheads									
78,818 Rent, Rates & Insurance	74,586							3,481	71,105
9,081 Heat & Light	9,282								9,282
17,897 Telephone	15,373							5,204	10,169
9,609 Postage	10,055							829	9,226
18,987 Stationery & Printing	22,107							10,121	11,986
12,196 Advertising & Publicity	7,981								7,981
7,080 Staff Recruitment	119								119
1,856 Tools and Equipment	1,100							1,100	
2,674 Computer Consumables	1,574							365	1,209
39,283 Depreciation	40,767								40,767
3,155 Office Repairs & Maint.	1,584								1,584
41,908 Rental & Maint of Equip	46,217								46,217
24,416 Staff Travel & Subsistence	25,538							19,400	6,138
433 Committee Expenses	77								77
34,917 Staff Training	21,779	1,102						958	19,719
3,644 Committee Training	4,798								4,798
7,750 Audit Fees	7,012								7,012
18,381 Affiliation & Subscription Fees	13,605								13,605
94 Publications	61								61
6,171 Bank Charges	7,009								7,009
9,191 Cleaning	9,688								9,688
8,333 Sundry Expenses	8,125							1,388	6,737
450 Donations	487								487
6,376 Professional Fees	7,897								7,897
21,607 Home Security Products	24,563							24,563	
202,209 Wider Role Costs	96,886						96,886		
2,082 Tenant Participation Expenses	0								
1,657 Tenant Handbook	0								
0 Resident Satisfaction Survey	0								
5,963 Legal fees for Arrears	5,382	4,241				1,121			
4,107 Staff Uniforms	4,174							1,709	2,465
8,019 Bad Debts	18,208	5,042				11,166			
602,302	483,774	10,385	0	0	0	12,287	96,886	69,098	295,118
3,452,245 Total Expenditure	2,935,352	499,305	384,084	444,758	201,277	422,402	96,886	394,066	512,574
- Reapportionment of F & A	0	234,185	104,721	104,721	12,661	13,766	5,500	37,020	-512,574
3,452,245 TOTAL	2,935,352	733,490	488,805	549,479	213,938	436,168	102,386	431,086	0