

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2011**

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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**

### **Management Committee**

Angela Westrop (Chairperson)  
William Robertson (Vice Chairperson)  
Jansen Healing (Secretary)  
Phyllis Clayson  
Frank Bradley  
John Madden (Resigned 23 August 2010)  
David Arthur  
Robert McNally  
Aileen Naismith  
Vivien MacKay  
Hugh Cameron  
Heather Stirling

### **Executive Officer**

Ian McLean, Director

### **Registered Office**

1<sup>st</sup> 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 2011**

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

#### **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 10/11 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
- Improve our governance
- Improve our resident involvement

## **BRIDGEWATER HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE (Cont'd.)**

#### **For the year ended 31 March 2011**

#### **Review of the Business (cont'd.)**

#### **PRIORITIES (cont'd.)**

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. These priorities form an important plank of our Business Plan 09/12 and continue to be the cornerstone of our Departmental Activity Plans into 2011/12.

#### **PERFORMANCE INSPECTION AND PERFORMANCE GENERALLY**

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 Scottish Housing Regulator awarded the Association a B grade overall. During the course of 10/11 the Association was advised by the Scottish Housing Regulator that in terms of their engagement with the Association, they would require only routine information about the Association's financial performance, together with the Association's Annual Performance and Statistical Return.

This reflects the degree of risk which the Regulator has attached to the Association which is low and which has been confirmed in the association's letter of engagement from the regulator for 10/11.

#### **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. The Association has continued to deliver on its SHQS obligations by organising its major improvements and other works in line with the Asset Management Strategy developed during 09/10 and which resulted from a comprehensive survey of the Associations stock. The Association is on target to meet its 2015 SHQS obligations.

#### **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

Projects to help young people develop skills to improve their chances of employment

The Association received grants from the Scottish Government to help facilitate these projects.

#### **NEW BUILD**

Early in 2011, the Association started work on its new build development at Rashielee North. This development will provide 92 mainstream properties which are sorely needed in an area where the pressure on the housing waiting list is acute. The affect of the RTB legislation has more or less reduced the social housing stock in Erskine to a small "rump" and this new development will not only help to begin to rebalance the numbers but will also help in terms of the long term viability of the Housing Association.

#### **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. The Association expects to be in a position to let its first contracts through this partnership in September 2011.

## **BRIDGEWATER HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE (Cont'd.)**

**For the year ended 31 March 2011**

#### **Review of the Business (cont'd.)**

##### **HOUSING SUPPORT**

With the squeeze on local authority budgets, including the money which local authorities use to fund housing support projects, we have again reviewed 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.

##### **OWNER OCCUPIER DEBT**

The association has a relationship with just less than 3000 owner occupiers either as their factor (200), or as the owner and manager of the common areas within Erskine where owners have a legal obligation to pay their share of the cost of maintenance. The process involves the association carrying out the work and then recouping the owners share, (75% of all costs) from each owner. This is a considerable logistical exercise and involves many members of the association's staff team and time. During 10/11 we have made a particular effort to reduce the debt owed to the association by owners and have made some success in this area. Given the current economic climate we envisage that this will become an even more important feature of our work.

##### **CARE AND REPAIR**

The association remains the provider of care and repair services within Renfrewshire and East Renfrewshire, despite a move by both councils to first of all tender the service and then bring the service in house during 2010/11. The association has had to make considerable savings in the care and repair budget and change the way it provides some of the support to the team. However we are confident that the changes we have made will put the service on a good footing should the councils decide again to tender for the service?

##### **THE FUTURE**

The Association is all too acutely aware that 2011/12 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.

This is potentially more difficult than ever before given the current government's welfare reform proposals. The proposals are likely to affect a significant number of people who either are or aspire to be one of the association's customers. Just as importantly the reforms will make it more difficult to predict the association's annual income stream and consequently could have an effect on the financial viability of the association over the long term. Again the association will need to keep a watchful eye on the consequences, including unintended of the legislation once it comes in to effect.

##### **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 2011**

#### **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**

*Jensen Healy*  
**J HEALING**  
Secretary

27 July 2011

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **BRIDGEWATER HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Bridgewater Housing Association Limited for the year ended 31 March 2011 set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, and to the charity's trustees as a body (the Management Committee), 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 (as amended). 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, 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 the auditor**

As more fully explained in the Statement of Management Committee's responsibilities on pages 4 and 5, the Committee is responsible for the preparation of 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 Committee's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report of the Committee of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 (as amended).

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002, or the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Management Committee is inconsistent in any material respect with the financial statements; 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 require for our audit.



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

**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**

10 August 2011

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**INCOME and EXPENDITURE ACCOUNT**

**For the year ended 31 March 2011**

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		£	£
<b>Turnover</b>	2	4,120,293	4,121,870
Operating costs	2	2,863,789	2,935,352
<b>Operating surplus</b>		<u>1,256,504</u>	<u>1,186,518</u>
Gain on sale of housing properties			
On disposals in the year		58,654	-
Exceptional item: release of creditor in contract termination		-	1,248,252
		<u>58,654</u>	<u>1,248,252</u>
Gain on sale of assets		-	70
Interest receivable and other income		20,762	18,166
Interest payable and similar charges	8	(638,577)	(636,457)
<b>Surplus on ordinary activities before taxation</b>		<u>697,343</u>	<u>1,816,549</u>
Taxation	9	-	-
<b>Surplus for the year</b>	16	<u>697,343</u>	<u>1,816,549</u>
		=====	=====

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.

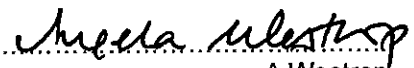
**BRIDGEWATER HOUSING ASSOCIATION LIMITED**


**BALANCE SHEET**


**As at 31 March 2011**

	Notes	2011 £	2010 £
<b>Tangible fixed assets</b>			
Housing properties - cost less depreciation	10	17,437,383	16,362,764
<u>Less: SHG and other grants</u>	10	(8,057,841)	(7,235,768)
		-----	-----
		9,379,542	9,126,996
Other fixed assets	11	88,264	109,968
		-----	-----
		9,467,806	9,236,964
		-----	-----
<b>Current assets</b>			
Debtors	12	831,224	885,116
Cash at bank and in hand		7,358,544	5,187,284
		-----	-----
		8,189,768	6,072,400
<b>Creditors: amounts falling due within one year</b>	13	1,102,415	1,101,540
		-----	-----
<b>Net current assets</b>		7,087,353	4,970,860
		-----	-----
<b>Total assets less current liabilities</b>		16,555,159	14,207,824
		-----	-----
<b>Creditors: amounts falling due after more than one year</b>	14	11,694,458	10,044,458
		-----	-----
<b>Net assets</b>		4,860,701	4,163,366
		=====	=====
<b>Capital and reserves</b>			
Share capital	15	178	186
Designated reserves	16	4,712,423	3,515,080
Revenue reserves	16	148,100	648,100
		-----	-----
		4,860,701	4,163,366
		=====	=====

The financial statements on pages 8 to 22 were approved by the Committee of Management on 27 July 2011 and were signed on its behalf by:

  
 ..... Chairperson  
 A Westrop

  
 ..... Vice-Chairperson  
 W Robertson

  
 ..... 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 2011**

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
Net cash inflow from operating activities	17	1,467,034	1,318,672
Returns on investments and servicing of finance	18	(617,815)	(618,291)
Capital expenditure	18	(327,965)	(116,290)
		<u>521,254</u>	<u>584,091</u>
Financing	18	1,650,006	250,012
Increase in cash	20	<u>2,171,260</u>	<u>834,103</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 2011

### 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 2011**

### **(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 SHQS requirements.

#### Housing Property Investment

This reserve designates the Association's intended funding of the Rashielee North Development.

### **(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 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 2011**

**2. Particulars of turnover, operating costs and operating surplus**

	Turnover	Operating Costs	Operating surplus or deficit	Operating surplus or deficit 2010
	£	£	£	£
Social lettings (note 3)	3,056,419	1,730,847	1,325,572	1,233,517
Other activities (note 4)	1,063,874	1,132,942	(69,068)	(46,999)
<b>Total</b>	<b>4,120,293</b>	<b>2,863,789</b>	<b>1,256,504</b>	<b>1,186,518</b>
	=====	=====	=====	=====
2010	4,121,870	2,935,352	1,186,518	
	=====	=====	=====	

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

	Housing Accommodation	Supported Housing	2011 Total	2010 Total
	£	£	£	£
Rent receivable net of service charges	2,467,141	466,038	2,933,179	2,828,299
Service charges	-	145,400	145,400	181,356
<b>Gross income from rents and service charges</b>	<b>2,467,141</b>	<b>611,438</b>	<b>3,078,579</b>	<b>3,009,655</b>
<b>Less: Voids</b>	<b>12,526</b>	<b>9,634</b>	<b>22,160</b>	<b>24,364</b>
<b>Total turnover from social letting activities</b>	<b>2,454,615</b>	<b>601,804</b>	<b>3,056,419</b>	<b>2,985,291</b>
	-----	-----	-----	-----
Management and maintenance administration Costs	622,728	149,656	772,384	770,207
Service costs	-	144,355	144,355	178,750
Planned and cyclical maintenance including major repair costs	331,371	50,240	381,611	380,063
Reactive maintenance costs	260,194	45,802	305,996	299,389
Bad debts (rents and service charges)	3,244	779	4,023	5,042
Depreciation of social housing	82,894	39,584	122,478	118,323
<b>Operating costs for social letting activities</b>	<b>1,300,431</b>	<b>430,416</b>	<b>1,730,847</b>	<b>1,751,774</b>
	-----	-----	-----	-----
<b>Operating surplus for social lettings</b>	<b>1,154,184</b>	<b>171,388</b>	<b>1,325,572</b>	<b>1,233,517</b>
	=====	=====	=====	=====
<b>Operating surplus for social lettings for 2010</b>	<b>1,081,812</b>	<b>151,705</b>	<b>1,233,517</b>	
	=====	=====	=====	

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 2011

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) 2011 £	Operating surplus or (deficit) 2010 £
Wider role activities, undertaken to support the community, other than the provision, construction, improvement and management of housing	41,763	-	-	31,451	73,214	-	97,710	(24,496)	(15,650)
Care & Repair	-	422,778	-	-	422,778	-	422,778	-	-
Factoring	-	-	-	382,752	382,752	8,557	374,195	-	-
Developments	-	-	-	-	-	-	67,614	(67,614)	-
Support activities	-	-	52,442	94,804	147,246	-	147,246	-	(70,037)
Other agency/management services	-	-	-	34,149	34,149	-	14,842	19,307	32,037
Other activities	-	-	-	3,735	3,735	-	-	3,735	6,651
<b>Total from other activities</b>	<b>41,763</b>	<b>422,778</b>	<b>52,442</b>	<b>546,891</b>	<b>1,063,874</b>	<b>8,557</b>	<b>1,124,385</b>	<b>(69,068)</b>	<b>(46,999)</b>
<b>Total from other activities for 2010</b>	<b>45,455</b>	<b>431,086</b>	<b>54,981</b>	<b>605,057</b>	<b>1,136,579</b>	<b>11,166</b>	<b>1,172,412</b>	<b>(46,999)</b>	

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 2011**

**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 (2010: none).

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

	2011 £	2010 £
Emoluments payable to Chief Executive (highest paid officer) (excluding pension contributions of £8,684)	59,057 =====	57,820 =====
Total expenses reimbursed to Officers in so far as not chargeable to United Kingdom income tax	744 =====	902 =====

**6. Employee information**

**2011                      2010**

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

Office staff	16	17
Wardens, caretakers and cleaners	3	5
Care and repair staff	10	10
	----- 29	----- 32
	=====	=====

	£	£
Staff costs (including directors' emoluments):		
Wages and salaries	830,840	894,289
Social security costs	67,156	72,141
Pension costs (note 21)	101,665	98,755
	----- 999,661	----- 1,065,185
	=====	=====

**7. Auditor's remuneration**

**2011                      2010  
£                              £**

- in their capacity as auditor	7,300	7,084
- under provision for previous year	233	728
	=====	=====

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

**For the year ended 31 March 2011**

<b>8. Interest payable and similar charges</b>	<b>2011</b>	<b>2010</b>
	£	£
Interest payable on private loans	636,654	628,797
Loan Arrangement and Commitment fees	1,923	7,660
	-----	-----
	<b>638,577</b>	<b>636,457</b>
	=====	=====

**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 2011.

<b>10. Tangible fixed assets - housing properties</b>	<b>Housing Properties Held for Letting</b>	<b>Housing Properties Under Development</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At start of year	15,261,330	1,932,928	17,194,258
Additions during year	474,146	739,902	1,214,048
Disposals	(18,808)	-	(18,808)
	-----	-----	-----
At end of year	15,716,668	2,672,830	18,389,498
	-----	-----	-----
<b>Depreciation</b>			
At start of year	831,494	-	831,494
Charge for year	122,478	-	122,478
Disposals	(1,857)	-	(1,857)
	-----	-----	-----
At end of year	952,115	-	952,115
	-----	-----	-----
<b>SHG and other grants</b>			
At start of year	5,319,850	1,915,918	7,235,768
Received during year	216,789	605,284	822,073
	-----	-----	-----
At end of year	5,536,639	2,521,202	8,057,841
	-----	-----	-----
<b>Net book value</b>			
At end of year	9,227,914	151,628	9,379,542
	=====	=====	=====
At start of year	9,109,986	17,010	9,126,996
	=====	=====	=====

Development administration costs capitalised during the year amounted to £60,928 (2010:£45,559) for which no Social Housing Grants (2010: £13,939) were received.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

**For the year ended 31 March 2011**

**11. Tangible fixed assets - other fixed assets**

	Leasehold improvements £	Furniture fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At start of year	98,255	298,770	26,137	423,162
Additions during year	-	11,595	-	11,595
Disposals	-	(45,518)	-	(45,518)
At end of year	98,255	264,847	26,137	389,239
<b>Depreciation</b>				
At start of year	56,110	230,947	26,137	313,194
Charge for year	7,251	26,048	-	33,299
On disposal	-	(45,518)	-	(45,518)
At end of year	63,361	211,477	26,137	300,975
<b>Net book value</b>				
At end of year	34,894	53,370	-	88,264
At start of year	42,145	67,823	-	109,968

**12. Debtors**

	2011 £	2010 £
Rental arrears	71,701	61,389
<u>Less:</u> Provision for bad debts	(6,000)	(9,000)
	65,701	52,389
Other debtors	147,751	111,532
Prepayments and accrued income	617,772	721,195
	831,224	885,116

**13. Creditors: amounts falling due within one year**

	2011 £	2010 £
Trade creditors	175,880	106,060
Other creditors	333,888	255,721
Accruals and deferred income	592,647	739,759
	1,102,415	1,101,540

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

	2011 £	2010 £
Loans:		
Between one and two years	-	-
Between two and five years	2,280,336	1,339,261
Due in five years or more	9,414,122	8,705,197
	11,694,458	10,044,458

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

**For the year ended 31 March 2011**

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

During the year a loan drawdown of £1,650,000 was made by the Association. This drawdown was required to pay for the Rashielee North Development Programme. 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.

<b>15. Share capital</b>	<b>2011</b>	<b>2010</b>
	£	£
At beginning of year	186	182
Shares of £1 each fully paid and issued during the year	6	12
Shares forfeited in year	(14)	(8)
	-----	-----
At end of year	178	186
	=====	=====

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.

<b>16. Reserves</b>	<b>Opening Balance</b>	<b>Surplus for year</b>	<b>Transfer</b>	<b>Closing Balance</b>
	£	£	£	£
<u>Designated reserves</u>				
Major component replacement	2,266,828	-	(1,000,000)	1,266,828
Housing property investment	1,248,252	-	2,197,343	3,445,595
	-----	-----	-----	-----
	3,515,080	-	1,197,343	4,712,423
<u>Revenue reserve</u>	648,100	697,343	(1,197,343)	148,100
	-----	-----	-----	-----
	4,163,180	697,343	-	4,860,523
	=====	=====	=====	=====

Transfers have been made between reserves to increase the designated reserve for Housing Property Investment. This reserve is being increased over the ongoing development period of the Rashielee North development and will in due course represent the funding of the net of grant costs of the development.

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

	<b>2011</b>	<b>2010</b>
	£	£
Operating surplus	1,256,504	1,186,518
Depreciation	33,299	40,769
Depreciation on property	122,478	118,323
Increase in debtors	53,892	232,121
Increase/(decrease) in creditors	875	(259,051)
Shares forfeited	(14)	(8)
	-----	-----
	1,467,034	1,318,672
	=====	=====

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

**For the year ended 31 March 2011**

<b>18. Gross cash flows</b>	<b>2011</b>	<b>2010</b>
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	20,762	18,166
Interest paid	(638,577)	(636,457)
	-----	-----
	(617,815)	(618,291)
	=====	=====
 <b>Capital expenditure</b>		
Sale of other assets	-	70
Sale of properties	75,605	-
Payments to acquire properties	(1,214,048)	(263,040)
HAG received	822,073	169,201
Payments to acquire other tangible fixed assets	(11,595)	(22,521)
	-----	-----
	(327,965)	(116,290)
	=====	=====
 <b>Financing</b>		
Issue of ordinary share capital	6	12
Loan finance issued	1,650,000	250,000
	-----	-----
	1,650,006	250,012
	=====	=====

	<b>At 31</b>			<b>At 31</b>
	<b>March</b>	<b>Cash</b>	<b>Other</b>	<b>March</b>
<b>19. Analysis of changes in net debt</b>	<b>2010</b>	<b>Flow</b>	<b>Changes</b>	<b>2011</b>
	£	£	£	£
Cash in hand and at bank	5,187,284	2,171,260	-	7,358,544
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(10,044,458)	(1,650,000)	-	(11,694,458)
	-----	-----	-----	-----
	(4,857,174)	521,260	-	(4,335,914)
	=====	=====	=====	=====

<b>20. Reconciliation of net cash flow to movement in net debt (note 19)</b>	<b>2011</b>	<b>2010</b>
	£	£
Increase in cash for the year	2,171,260	834,103
Loans received	(1,650,000)	(250,000)
	-----	-----
<b>Change in net debt</b>	<b>521,260</b>	<b>584,103</b>
Net debt at 1 April 2010	(4,857,174)	(5,441,277)
	-----	-----
<b>Net debt at 31 March 2011</b>	<b>(4,335,914)</b>	<b>4,857,174</b>
	=====	=====

## **BRIDGEWATER HOUSING ASSOCIATION LIMITED**

### **NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

#### **For the year ended 31 March 2011**

#### **21. Pensions**

Bridgewater Housing Association Ltd participates in the Scottish Housing Associations' Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

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

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

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £135 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

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

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

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

Bridgewater Housing Association Ltd has been notified by The Pension Trust of the estimated employer debt on withdrawal from Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Bridgewater Housing Association was £3,028,036.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

**For the year ended 31 March 2011**

**21. Pensions (cont'd.)**

The Scheme offers five benefit structures to employers, namely:

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

An employer can elect to operate a 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 continues to offer membership of the Scheme to its employees and has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit option for active members as at 1 April 2011 and the final salary with a 1/60<sup>th</sup> accrual rate benefit option for new entrants from 1 April 2011.

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

As at the balance sheet date there were 21 active members of the Scheme employed by Bridgewater Housing Association Ltd. The annual pensionable payroll in respect of these members was £644,826.

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

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

<b>Mortality Tables</b>	
Non Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement.

<b>Contribution Rates for Future Service (Payable from 1/April/2011)</b>	<b>%</b>
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions *	10.4

(\* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Cont'd.)**

**For the year ended 31 March 2011**

**22. Housing stock**

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

	Units in Management	
	2011	2010
General needs	621	620
Supported	149	149
Properties managed on behalf of other organisations	7	7
	-----	-----
	777	776
	=====	=====

**23. Commitments**

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

	2011	2010
	£9m	£1.7m
	=====	=====

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

	2011		2010	
	Office Equipment £	Property £	Office Equipment £	Property £
<b>24. Operating lease commitment</b>				
Operating leases which expire:				
Within two to five years	3,207	41,150	3,207	-
Over five years	-	-	-	41,150
	-----	-----	-----	-----
	3,207	41,150	3,207	41,150
	=====	=====	=====	=====

**25. Legislative provisions**

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

**26. Related parties**

During the year ended 31 March 2011 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.