

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2012

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2012

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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

For the year ended 31 March 2012

Management Committee

Angela Westrop (Chairperson)
William Robertson (Vice Chairperson)
Jansen Healing (Secretary)
Phyllis Clayson (Resigned on 29 August 2011)
Frank Bradley
David Arthur
Robert McNally
Aileen Naismith
Vivien MacKay
Hugh Cameron
Heather Stirling
Louisa McIntosh (Co-opted 27 June 2012)

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 2012

Review of the Business

The Board of Bridgewater Housing Association present their report and the audited financial statements for the year ended 31 March 2012.

Principal Activities

The principal activities of the Association are:

- The provision and management of housing for rent.
- The provision of services to owner-occupiers where the Association either factors property or has a relationship with an owner by virtue of the Association's previous role as Feu Superior.
- The Managing Agent for Renfrewshire and East Renfrewshire Care and Repair Projects.
- The provision of a Supported Housing Service to tenants living in the Association's Sheltered Housing.

Charitable Objects

Bridgewater Housing Association Limited has been formed for the benefit of the community. Its charitable objects centre on the provision of housing and related services for people who are in need of our housing and services.

Permitted Activities

The Association's permitted activities and powers include anything which is necessary and expedient to help us achieve our charitable objects but we will also:

- Have regard for the requirement 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.

Priorities

The Association's mission in 2011/12 was to be "A customer focussed organisation, which delivers the best affordable housing and services to people that need them". Consequently we organised our business and our priorities in order to achieve this mission. Our priorities, therefore in 11/12 were:

- Improve our operational performance
- Improve our efficiency
- Improve our asset management
- Improve our planning process
- Improve our organisational effectiveness
- Improve our Risk Management
- Improve our Governance
- Improve our resident involvement

Our focus during the year has been on delivering on these eight priorities and at the same time thinking about the future and developing a new business plan which takes the business forward until 2015.

In seeking to deliver on our eight priorities, we have achieved a number of important milestones during the year.

SHQS

The Association continues to work towards ensuring that all of our properties meet the Scottish Government's Scottish Housing Quality Standard. The Association has developed a plan, the purpose of which is to pave the way for the completion of all the necessary work by 2015. The Association is on track to meet the obligation in time.

Review of the Business (cont'd.)

Performance

The Association regularly measures key performance information in relation to our service delivery, our income and our expenditure. The Association sets itself challenging targets for how well it wants to deliver its services. We continue to report good performance in relation to how quickly and efficiently we carry out repairs, how quickly we allocate our properties once they become empty, and how well we deal with people who owe us money, whether that is tenants who find it difficult to pay their rent, or owner occupiers who have trouble paying their Factoring and other charges. We also report good performance in relation to a myriad of other important performance indicators.

New Build

2011/12 has seen substantial progress in relation to the Association's new build programme at Rashielee. After such a long time waiting it was remarkable how much progress was made as soon as our Contractor went on site. A total of 92 properties will be available from the first half of 2012/13 for people who are in housing need.

Right to Buy

The Association's business is always at risk because of the obligation to sell properties to tenants who either have the "preserved" Right to Buy, or the "modernised" Right to Buy. By September of 2012 the Association would have been obliged to offer the "modernised" RTB to certain tenants. However following a successful submission to the Scottish Government, the Association has been granted a ten year extension to the implementation of the "modernised" Right to Buy and consequently has been able to safeguard both a substantial asset and income stream, as well as protect a significant number of properties for future allocation to people in housing need.

Welfare Reform

The other single biggest risk to the Association is the UK Government's welfare reform agenda. The Government are seeking to reduce the Welfare Benefit bill significantly and this has meant a raft of measures which have affected housing benefit in 2011/12 and the prospect of more which will affect many of our tenants in 2012/13. The Association has been developing its plans to prepare for changes to Housing Benefit entitlement and been actively involved in pointing out to the Government the implications of these changes to our tenants. That is why the work of our Welfare Benefit Advisers has been so valuable during the year and will continue to be so. Our advisers have secured thousands of pounds for tenants in unpaid benefits and have been able to steer people through the benefit maze in order to ensure that people are receiving what they are entitled to.

Care and Repair

The Association remained the provider of the Care and Repair Service for East Renfrewshire and Renfrewshire Councils during 2011/12. However because of funding cut backs, the service required to be "slimmed" down. Nevertheless, we continued to provide a very valuable handyperson service to a large number of elderly owner occupiers and an information and advice service to many older and disabled owner occupiers. It is uncertain at this time, whether the Care and Repair service will continue to be provided throughout the whole of 2012/13 by the Association.

Scottish Social Housing Charter

The Association also did some work to elicit the views of tenants on the Government's proposed Social Housing Charter and made representations to Government based on our consultation exercises. The Charter is an important document. It sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The Charter was approved by resolution of the Scottish Parliament on 14 March 2012. It has effect from 1 April 2012 and continues to apply until the Parliament approves a revised Charter.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2012

Review of the Business (cont'd.)

Scottish Social Housing Charter (cont'd.)

The Government have tried to ensure that the outcomes in the Charter:

- describe the results that tenants and other customers expect social landlords to achieve,
- cover social landlords' housing activities only'
- can be monitored, assessed and reported upon by the Scottish Housing Regulator.

The Association will be consulting further with customers during 2012/13 on the detail of the Charter and will be implementing our delivery plan during the year.

Component Accounting

As required by changes to Accounting Standards the Association has adopted Component Accounting in these financial statements. This has required the Association to reclassify amounts previously expensed as planned maintenance within Housing Stock on the balance sheet and to depreciate these over their useful lives. In the current year, £581,602 of Planned Maintenance expenditure has been included in additions to Fixed Assets. In addition, an adjustment of £2,007,142 has been made in respect of the depreciated value of Planned Maintenance in Prior Years.

Governance

During the course of the year the Association continued to operate, in terms of its Governance structure with a Management Committee, an Operations Committee, (comprising all of the members of the Board) an Audit Committee, a Development Management and Administration (DMA) committee and a Housing Services Support Committee. The members of the Board reviewed the governance structure and have decided that in 2012/13 the Operations and Audit Committee will be replaced by an Audit and Scrutiny Committee. The Board have also agreed to establish a Complaints Panel and will establish a new Committee to deal with all matters related to our Factoring Service and our relationship with owner occupiers in Erskine. The Board is acutely aware of the fact that there are 5 vacant places on the Board and is actively pursuing the appropriate filling of these vacancies.

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 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).

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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE (Cont'd.)

For the year ended 31 March 2012

Review of the Business (cont'd.)

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.

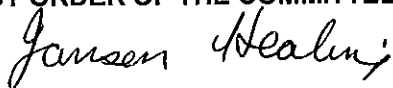
Key elements of the RSL's systems include ensuring that:

- 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.
- 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



J HEALING
Secretary

25 July 2012

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 2012 which comprise the Income and Expenditure Account, the Statement of Total recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 2012 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).

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

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.

Corporate Governance Matters

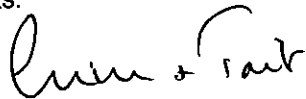
In addition to our audit of the financial statements, we have reviewed the Management Committee's statement concerning internal financial control made under "The Code of Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation 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

25 JULY 2012

Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BRIDGEWATER HOUSING ASSOCIATION LIMITED**INCOME and EXPENDITURE ACCOUNT****For the year ended 31 March 2012**

	Notes	2012 £	2011 (Restated) £
Turnover	2	4,279,014	4,120,293
Operating costs	2	3,557,912	3,234,352
Operating surplus		<u>721,102</u>	<u>885,941</u>
Gain on sale of housing properties		28,388	62,009
Interest receivable and other income		26,758	20,762
Interest payable and similar charges	8	(564,228)	(638,577)
Surplus on ordinary activities before taxation		<u>212,020</u>	<u>330,135</u>
Taxation	9	-	-
Surplus for the year	16	<u>212,020</u> =====	<u>330,135</u> =====

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES and DEFICITS

	Notes	2012 £	2011 (Restated) £
Surplus for the year		212,020	<u>330,135</u> =====
Prior year adjustment	16	2,007,142	
Total recognised surpluses recognised since last annual report		<u>2,219,162</u> =====	

The results for the year relate wholly to continuing activities.

The notes on pages 11 to 23 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

BALANCE SHEET

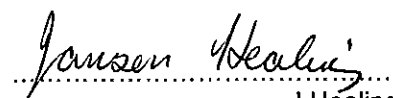
As at 31 March 2012

	Notes	2012 £	2011 (Restated) £
Tangible fixed assets			
Housing properties - cost less depreciation	10	25,195,126	19,444,525
<u>Less: SHG and other grants</u>	10	(11,982,085)	(8,057,841)
		-----	-----
		13,213,041	11,386,684
Other fixed assets	11	71,737	88,264
		-----	-----
		13,284,778	11,474,948
Current assets			
Debtors	12	1,215,290	831,224
Cash at bank and in hand		5,906,633	7,358,544
		-----	-----
		7,121,923	8,189,768
Creditors: amounts falling due within one year	13	(1,632,390)	(1,102,415)
		-----	-----
Net current assets		5,489,533	7,087,353
		-----	-----
Total assets less current liabilities		18,774,311	18,562,301
		-----	-----
Creditors: amounts falling due after more than one year	14	11,694,458	11,694,458
		-----	-----
Net assets		7,079,853	6,867,843
		=====	=====
Capital and reserves			
Share capital	15	168	178
Designated reserves	16	3,445,595	3,445,595
Revenue reserves	16	3,634,090	3,422,070
		-----	-----
		7,079,853	6,867,843
		=====	=====

The financial statements on pages 8 to 24 were approved by the Committee of Management on 25 July 2012 and were signed on its behalf by:


A Westrop Chairperson


W Robertson Vice-Chairperson


J Healing Secretary

The notes on pages 11 to 23 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2012

	Notes	2012 £	2011 (Restated) £
Net cash inflow from operating activities	17	1,453,073	1,504,794
Returns on investments and servicing of finance	18	(537,470)	(617,815)
Capital expenditure	18	(2,367,516)	(365,725)
		<u>(1,451,913)</u>	<u>521,254</u>
Financing	18	2	1,650,006
(Decrease)/Increase in cash	20	<u>(1,451,911)</u>	<u>2,171,260</u>

The notes on pages 11 to 23 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2012

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 housing providers" (SORP 2010), and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

(b) Going concern

The financial statements have been prepared on a going concern basis. The Management Committee have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

(c) 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.

(d) Sales of properties

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

(e) 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

The Association, in complying with SORP 2010 from 1 April 2011, has adopted Component Accounting which requires that where assets comprise components with substantially different useful economic lives, these components are depreciated over those distinct useful lives. In relation to its housing properties, the Association has identified a number of components with useful lives that are shorter than the fabric of the building. Component Accounting also requires that expenditure on the replacement of components is capitalised and as the Association normally expensed such expenditure this new policy has required a prior year adjustment to recognise both the accelerated depreciation for components with shorter useful lives and the periodic replacement of components as part of the Association's planned maintenance programmes. The elements of the prior year adjustment are shown in notes 10 and 16 and in the Statement of Total Recognised Gains and Losses. The prior year figures have been restated accordingly and the impact on the results of the prior year are given in notes 10 and 16.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

1. Accounting policies (Cont'd.)

(e) Works to existing housing properties (Cont'd.)

Works on existing properties that are not the replacement of components nor regarded as enhancing the value of properties are charged to the income and expenditure account and included under maintenance costs in note 3.

(f) Depreciation

Previously housing properties held for letting at cost less grants received and excluding the net of grant value of land, were depreciated on a straight-line basis over their useful lives of 50 years. With the adoption of component accounting the following components have been identified and are depreciated over the estimated useful lives as shown. Where components are replaced before the end of their estimated useful lives depreciation in the year of replacement is accelerated to reduce the net book value of the components to £nil. Where the Association has received grants in respect of housing properties this is allocated to the land and structure components.

Component	Estimated useful life
Land	- not depreciated
Structure	- 50 years
Kitchens	- 15 years
Bathrooms	- 30 years
Central heating boilers	- 15 years
Central heating radiators and controls	- 30 years
Windows and doors	- 25 years
Electrical rewiring	- 25 years
Roofs	- 40 years
Lifts	- 25 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 was intended to provide funding for the future major component replacement expenditure of the business to ensure that the Association abides by its SHQS requirements. With the introduction of component accounting, which treats components as capital items, this reserve has been released to the Revenue Reserve as part of the prior year adjustment.

Housing Property Investment

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (Cont'd.)****For the year ended 31 March 2012****1. Accounting policies (Cont'd.)****(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.

2. Particulars of turnover, operating costs and operating surplus

	Turnover	Operating Costs	Operating surplus or deficit 2012	Operating surplus or deficit 2011 (Restated)
	£	£	£	£
Social lettings (note 3)	3,252,750	2,470,224	782,526	955,009
Other activities (note 4)	1,026,264	1,087,688	(61,424)	(69,068)
Total	4,279,014	3,557,912	721,102	885,941
2011 (Restated)	4,120,293	3,234,352	885,941	

The prior year operating costs have been restated on the adoption of component accounting with major repairs expenditure being reduced by £37,760 and housing depreciation being increased by £408,323, a net increase in costs of £370,563 and a corresponding reduction in the surplus for the year.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

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

	Housing Accommodation	Supported Housing	2012 Total	2011 Total (Restated)
	£	£	£	£
Rent receivable net of service charges	2,589,476	488,681	3,078,157	2,933,179
Service charges	-	199,745	199,745	145,400
	-----	-----	-----	-----
Gross income from rents and service charges	2,589,476	688,426	3,277,902	3,078,579
<u>Less: Voids</u>	11,008	14,144	25,152	22,160
	-----	-----	-----	-----
Total turnover from social letting activities	2,578,468	674,282	3,252,750	3,056,419
	-----	-----	-----	-----
Management and maintenance administration costs	659,323	159,257	818,580	772,384
Service costs	-	196,585	196,585	144,355
Planned and cyclical maintenance including major repair costs	508,456	77,783	586,239	343,851
Reactive maintenance costs	251,396	60,156	311,552	305,996
Bad debts (rents and service charges)	3,955	955	4,910	4,023
Depreciation of social housing	438,210	114,148	552,358	530,801
	-----	-----	-----	-----
Operating costs for social letting activities	1,861,340	608,884	2,470,224	2,101,410
	-----	-----	-----	-----
Operating surplus for social lettings	717,128	65,398	782,526	955,009
	=====	=====	=====	=====
Operating surplus for social lettings for 2011 (restated)	845,062	109,947	955,009	
	=====	=====	=====	

There is no impairment of social housing to report.

The impact of the adoption of component accounting on the operating costs in relation to social letting activities in the year ended 31 March 2012 is an overall reduction in costs of £155,221 resulting from the capitalisation of component replacement costs of £581,602 offset by increased depreciation charges of £426,381.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 March 2012

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) 2012 £	Operating surplus or (deficit) 2011 £
Wider role activities, undertaken to support the community, other than the provision, construction, improvement and management of housing	2,037	-	-	-	2,037	-	15,139	(13,102)	(24,496)
Care & Repair	-	346,604	-	-	346,604	-	377,099	(30,495)	-
Factoring	-	-	-	499,085	499,085	1,581	497,504	-	-
Developments	-	-	-	-	-	-	24,018	(24,018)	(67,614)
Support activities	-	-	52,442	102,234	154,676	-	158,435	(3,759)	-
Other agency/management services	-	-	-	15,963	15,963	-	13,912	2,051	19,307
Other activities	-	-	-	7,899	7,899	-	-	7,899	3,735
Total from other activities	2,037	346,604	52,442	625,181	1,026,264	1,581	1,086,107	(61,424)	(69,068)
Total from other activities for 2011	41,763	422,778	52,442	546,891	1,063,874	8,557	1,124,385	(69,068)	

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 2012

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.

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

	2012 £	2011 £
Emoluments payable to Chief Executive (highest paid officer) (excluding pension contributions of £8,684)	65,575 =====	59,057 =====
Total expenses reimbursed to Officers in so far as not chargeable to United Kingdom income tax	2,107 =====	744 =====

6. Employee information

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

	2012	2011
Office staff	20	16
Wardens, caretakers and cleaners	3	3
Care and repair staff	9	10
	----- 32 =====	----- 29 =====

	£	£
Staff costs (including directors' emoluments):		
Wages and salaries	847,179	830,840
Social security costs	72,204	67,156
Pension costs (note 21)	134,469	101,665
	----- 1,053,852 =====	----- 999,661 =====

7. Auditor's remuneration

	2012 £	2011 £
- in their capacity as auditor	9,500	7,300
- under provision for previous year	250	233
	=====	=====

8. Interest payable and similar charges

	2012 £	2011 £
Interest payable on private loans	564,228	636,654
Loan Arrangement and Commitment fees	-	1,923
	----- 564,228 =====	----- 638,577 =====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

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 2012.

10. Tangible fixed assets - housing properties	Housing Properties Held for Letting	Housing Properties Under Development	Total
	£	£	£
Cost			
At start of year – as previously reported	15,716,668	2,672,830	18,389,498
Prior year adjustment	5,298,017	-	5,298,017
As restated	21,014,685	2,672,830	23,687,515
Additions during year	456,346	5,272,519	5,728,865
Expenditure on components	581,602	-	581,602
Disposals - RTB	(9,404)	-	(9,404)
- replaced components	(86,980)	-	(86,980)
At end of year	21,956,249	7,945,349	29,901,598
Depreciation			
At start of year – as previously reported	952,115	-	952,115
Prior year adjustment	3,290,875	-	3,290,875
As restated	4,242,990	-	4,242,990
Charge for year	552,358	-	552,358
Disposals - RTB	(1,896)	-	(1,896)
- replaced components	(86,980)	-	(86,980)
At end of year	4,706,472	-	4,706,472
SHG and other grants			
At start of year	5,536,639	2,521,202	8,057,841
Received during year	243,058	3,681,186	3,924,244
At end of year	5,779,697	6,202,388	11,982,085
Net book value			
At end of year	11,470,080	1,742,961	13,213,041
At start of year (Restated)	11,235,056	151,628	11,386,684

Development administration costs capitalised during the year amounted to £106,176 (2011:£60,928) for which £43,620 Social Housing Grants (2011: £Nil) were received.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

11. Tangible fixed assets - other fixed assets

	Leasehold improvements £	Furniture fittings & equipment £	Motor vehicles £	Total £
Cost				
At start of year	98,255	264,847	26,137	389,239
Additions during year	-	17,189	-	17,189
Disposals	-	(13,951)	-	(13,951)
At end of year	98,255	268,085	26,137	392,477
Depreciation				
At start of year	63,361	211,477	26,137	300,975
Charge for year	7,251	26,465	-	33,716
On disposal	-	(13,951)	-	(13,951)
At end of year	70,612	223,991	26,137	320,740
Net book value				
At end of year	27,643	44,094	-	71,737
At start of year	34,894	53,370	-	88,264

12. Debtors

	2012 £	2011 £
Rental arrears	57,945	71,701
<u>Less: Provision for bad debts</u>	(6,000)	(6,000)
Other debtors	51,945	65,701
Prepayments and accrued income	252,838	147,751
	910,507	617,772
	1,215,290	831,224

13. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	237,848	175,880
Other creditors	397,620	333,888
Accruals and deferred income	996,922	592,647
	1,632,390	1,102,415

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

	2012 £	2011 £
Loans:		
Between one and two years	760,112	-
Between two and five years	2,280,336	2,280,336
Due in five years or more	8,654,010	9,414,122
	11,694,458	11,694,458

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

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

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	2012	2011
	£	£
At beginning of year	178	186
Shares of £1 each fully paid and issued during the year	2	6
Shares forfeited in year	(12)	(14)
	-----	-----
At end of year	168	178
	=====	=====

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 Balances	Prior year adjustment	Restated opening balances	Surplus for year	Closing Balance
	£	£	£	£	£
<u>Designated reserves</u>					
Major component replacement	1,266,828	(1,266,828)	-	-	-
Housing property investment	3,445,595	-	3,445,595	-	3,445,595
	-----	-----	-----	-----	-----
	4,712,423	(1,266,828)	3,445,595	-	3,445,595
<u>Revenue reserve</u>	148,100	3,273,970	3,422,070	212,020	3,634,090
	-----	-----	-----	-----	-----
	4,860,523	2,007,142	6,867,665	212,020	7,079,685
	=====	=====	=====	=====	=====

The prior year adjustment represents the net uplift in the book value of housing properties arising from the introduction of component accounting as described in notes 1(e) and 1(h).

The Housing Property Investment reserve for the Rashielee North development represents the funding of the net of grant costs of the development from the Association's own reserves. As these costs are incurred the reserve will be released.

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

	2012	2011
	£	(Restated) £
Operating surplus	721,102	885,941
Depreciation	33,716	33,299
Depreciation on property	552,358	530,801
(Increase)/decrease in debtors	(384,066)	53,892
Increase in creditors	529,975	875
Shares forfeited	(12)	(14)
	-----	-----
	1,453,073	1,504,794
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

18. Gross cash flows		2012	2011	
		£	(Restated)	
			£	
Returns on investments and servicing of finance				
Interest received		26,758	20,762	
Interest paid		(564,228)	(638,577)	
		-----	-----	
		(537,470)	(617,815)	
		=====	=====	
Capital expenditure				
Sale of properties		35,896	75,605	
Payments to acquire properties and works to existing properties		(6,310,467)	(1,251,808)	
HAG received		3,924,244	822,073	
Payments to acquire other tangible fixed assets		(17,189)	(11,595)	
		-----	-----	
		(2,367,516)	(365,725)	
		=====	=====	
Financing				
Issue of ordinary share capital		2	6	
Loan finance issued		-	1,650,000	
		-----	-----	
		2	1,650,006	
		=====	=====	
19. Analysis of changes in net debt	At 31	Cash	Other	At 31
	March	Flow	Changes	March
	2011	£	£	2012
	£	£	£	£
Cash in hand and at bank	7,358,544	(1,451,911)	-	5,906,633
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(11,694,458)	-	-	(11,694,458)
	-----	-----	-----	-----
	(4,335,914)	(1,451,911)	-	(5,787,825)
	=====	=====	=====	=====
20. Reconciliation of net cash flow to movement in net debt (note 19)		2012	2011	
		£	£	
(Decrease)/increase in cash for the year		(1,451,911)	2,171,260	
Loans received		-	(1,650,000)	
		-----	-----	
Change in net debt		(1,451,911)	521,260	
Net debt at 1 April 2011		(4,335,914)	(4,857,174)	
		-----	-----	
Net debt at 31 March 2012		(5,787,825)	(4,335,914)	
		=====	=====	

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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 Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Bridgewater Housing Association Ltd was £3,587,104.

Bridgewater Housing Association Ltd participates in the Scottish Housing Associations' Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2012

21. Pensions (cont'd.)

The Scheme offers five benefit structures to employers, namely:

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

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

Bridgewater Housing Association Ltd has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2012 and the Career average revalued earnings with 1/80th accrual rate benefit option for new entrants from 1 April 2012.

During the accounting period Bridgewater Housing Association Ltd paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

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 £655,466.

The Association continues to offer membership of the Scheme to its employees.

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

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

Mortality Tables	
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

Contribution Rates for Future Service (payable from 1/April/2011)	%
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

BRIDGEWATER HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (Cont'd.)****For the year ended 31 March 2012****21. Pensions (cont'd.)**

(* 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.)

22. Housing stock

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

	Units in Management	
	2012	2011
General needs	623	621
Supported	150	149
Properties managed on behalf of other organisations	7	7
	-----	-----
	780	777
	=====	=====

23. Commitments

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

2012	2011
£3.4m	£9m
=====	=====

Capital expenditure will be met from the Association's available cash reserves.

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

	2012		2011	
	Office Equipment	Property	Office Equipment	Property
	£	£	£	£
24. Operating lease commitment				
Operating leases which expire:				
Within two to five years	3,303	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 2012 Jansen Healing, 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.

