

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2015

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2015

Contents	Page
Members, Executives and Advisers	1
Report of the Board	2 - 6
Report of the Auditor on the Financial Statements	7 - 8
Report of the Auditor on Corporate Governance Matters	9
Income and Expenditure Account	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Financial Statements	13 - 25

Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number: 2525RS
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number: HAL301
Registered Charity	Registered number: SC035819

BRIDGEWATER HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

For the year ended 31 March 2015

Board

Hugh Cameron (Chairperson)
Angela Westrop (Vice Chairperson)
Alastair Morris (Secretary)
William Robertson
Frank Bradley
Robert McNally
Aileen Naismith
Vivien MacKay
Heather Stirling
John Paterson
Ken McIntosh
Grace Gunnell (Co-opted 27 August 2014)

Executive Officer

Ian McLean, Chief Executive

Registered Office

1st Floor
Bridgewater Shopping Centre
Erskine
PA8 7AA

Auditor

Chiene + Tait LLP
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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2015

The Board of Bridgewater Housing Association present their report and the audited financial statements for the year ended 31 March 2015.

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 focus 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 own.

Review of the Business

Priorities

The Association adopted a new mission statement in 2011/12 as part of its review of its business strategy. i.e. to be

"A customer focussed organisation, which delivers the best affordable housing and services to people who need them and makes a positive difference to the neighbourhoods in which we work".

This has underpinned our Business Plan for the past three years.

In delivering on this mission, our overarching aim has been to ensure that we are:

- Doing what matters most to our customers.
- Investing in homes and neighbourhoods.
- Making our business stronger for the future.

During 2014/15 and indeed for the lifetime of our 2012/2015 business plan our strategic objectives were:

1. Increasing as well as managing and maintaining high quality, affordable homes.
2. Empowering our tenants and residents to participate in decisions we take that affect them.
3. Delivering high quality, cost efficient services to all of our customers.
4. Being environmentally aware and protecting both the built and natural environment where our customers live.
5. Providing a challenging, supportive and rewarding work environment for staff.

The Association has developed an action plan around these five strategic objectives and monitors its actions and outcomes on a regular basis.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2015

Review of the Business (continued)

SHQS

The Association continued to work towards ensuring that all of our properties met the Scottish Government's Scottish Housing Quality Standard. The Association developed a plan, the purpose of which was to pave the way and fund the completion of all the necessary work by April 2015. The Association successfully met its SHQS obligations other than abeyances and deferments.

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 continued 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. 2014/15 saw a particularly challenging target in relation to arrears being met and the Association being able to maintain an acceptable level of rent arrears. This is particularly good news when seen in the context of the UK Government's social security reform programme which we know is having an effect on tenant's income.

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 was 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. Additionally the Scottish Government have announced plans to abolish The Right to Buy in 2016/2017.

Welfare Reform

The other single biggest risk to the Association is the UK Government's social security reform agenda. The Government are seeking to reduce the social security bill significantly and this has meant a raft of measures which started to affect our tenants on housing benefit in 2011/12 and tenants on other benefits in 2012/13 and 2013/14. The Association has been proactive in preparing for the Government's Welfare Reforms and this has meant contacting everyone affected by the so called bedroom tax, speaking to as many people that we can, increasing our Welfare Rights and Money Advice service, seeking support from all MPs in the House of Commons to argue against the cuts to welfare, changing our allocations policy to make it easier for people to downsize and entering into agreements with national home swap organisations to make it easier for people to swap homes. During 2014/15 we have again been proactive in making sure that those people who are entitled to Discretionary Housing Payments from the local authority to cover the shortfall in rent from the bedroom tax, access this fund. This has likely meant that our arrears levels have remained relatively low. In addition we have collaborated with other local housing associations and Renfrewshire Council to provide a range of advice and assistance to people who receive benefits or should receive benefits to maximise their income and mitigate the costs of for example heating.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2015

Review of the Business (continued)

Care and Repair

The Association won the tender to deliver the Care and Repair Service for Renfrewshire and East Renfrewshire Councils in 2012/13. This is a three year contract with the option of an extension. The Care and Repair team include staff who provide advice and guidance to older and disabled owner occupiers to adapt their homes to suit their needs. The team also includes a Handyperson Service and a Small Repairs Service and includes the Association's first volunteer small repairs officer. The project continues to deliver on the agreed contract outcomes to the satisfaction of both local authorities.

Change Fund

As part of the Government's strategy for older people, a fund has been established to assist health care and housing support organisations to transition services to more care at home and more support for people at home as well as preventative work. As part of this programme the Association has been awarded some of this "Change Fund" money to support the delivery of a Handyperson service for Renfrewshire linked to our Care and Repair Project and to employ an Older Persons Housing Advice Worker whose responsibility it is to provide housing options and practical advice to older people in Renfrewshire who are inadequately housed or who wish to move to more suitable accommodation. The funding for both of these projects was due to end in November 2015, however during 2014/15 we have successfully negotiated an extension of funding to March 2016.

Scottish Social Housing Charter

Between April and October each year, every Housing Association is required by the Scottish Housing Regulator to report annually to its tenants on progress on meeting the outcomes and standards of the Scottish Social Housing Charter. Customers of Bridgewater Housing Association know that we already report annually on how we have performed during the year on a range of key indicators. However the report on the Charter allows customers to compare Bridgewater's results with other Housing Associations across Scotland.

Bridgewater produced its first Report on the Charter during 2014/15 to cover the period 2013/14, following consultation with 50 tenants. The areas covered were: The Customer Landlord Relationship, Housing Quality and Maintenance, Neighbourhood and Community, Access to Housing and Support and Getting Good Value from Rents and Service Charges. The Association's report can be downloaded from the web site at: www.bridgewaterha.org.uk

Risk Management

The Association has a robust risk management policy and process and has reviewed risks, several times during the year. In particular the Association has reviewed risk in relation to Cyber Security following two cyber fraud attempts. This has resulted in increased awareness of cyber fraud, more robust procedures and the development of bespoke training through Glasgow Caledonian University for staff and Board Members.

Plans for the Future

Business Planning and Governance

The Board is in the process of developing its new Business Plan for the period 2015/16 to 2017/18. An exercise has been completed to determine the Association's financial viability over the next 30 years and what this means for income and expenditure assumptions. The Board will agree in 2015 what its priorities will be over the next three years

All Board members undertook a Development Interview with the Chief Executive and the Chair in order to examine their effectiveness both individually and as a Board. This successful exercise resulted in the development of a training plan for Board members which is being implemented in 2015/16.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2015

Statement of the Board's responsibilities

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefit Societies Act 2014 and social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association at the balance sheet date, and of its income and expenditure for the year ended on that date.

In preparing those financial statements the Board 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 and the Statement of Recommended Practice have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- Prepare a Statement on Internal Financial Control

The Board 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 Co-operative and Community Benefit Societies Act 2014 the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - April 2012.

The Board 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.

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that he or she has taken all the steps he or she ought to take as a Board member in order to make himself or herself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Statement on Internal Financial Control

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

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2015

Statement on Internal Financial Control (continued)

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 Board.
- 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.

BY ORDER OF THE BOARD



A MORRIS
Secretary

10 | 8 | 2015

**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 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and the auditor

As explained more fully in the Statement of the Board's responsibilities on page 5, the Board 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 Board; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report of the Board to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2104, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements - April 2012.

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

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations necessary for the purposes of our audit.

Chiene + Tait LLP

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

18 August 2015

**REPORT BY THE AUDITOR TO THE MEMBERS OF
BRIDGEWATER HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS.**

In addition to our audit of the financial statements, we have reviewed your statement on pages 5 and 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 and 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Chiene + Tait LLP

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

18 August 2015

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	2	5,016,860	4,949,415
Operating costs	2	3,847,333	3,817,758
Operating surplus		<u>1,169,527</u>	<u>1,131,657</u>
Gain on sale of housing properties		24,156	222,079
Interest receivable and other income		18,776	11,073
Interest payable and similar charges	8	(506,228)	(532,103)
Surplus on ordinary activities before taxation		<u>706,231</u>	<u>832,706</u>
Taxation	9	-	-
Surplus for the year	16	<u>706,231</u> =====	<u>832,706</u> =====

The results for the year relate wholly to continuing activities.

There are no other recognised gains or losses for the year other than the surplus for the year.

The notes on pages 13 to 25 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	17	1,837,184	2,013,873
Returns on investments and servicing of finance	18	(494,050)	(521,030)
Capital expenditure	18	(103,418)	(576,934)
		<u>1,239,716</u>	<u>915,909</u>
Financing	18	(619,573)	(594,075)
Increase in cash	20	<u>620,143</u>	<u>321,834</u>
		<u>=====</u>	<u>=====</u>

The notes on pages 13 to 25 form part of these financial statements.

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (k) 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 Scottish Housing Regulator's Accounting Requirements Determination (2012).

(b) Going concern

The financial statements have been prepared on a going concern basis. The Board 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 and service charge 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 financial statements 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.

Other fixed assets

Other fixed assets are initially stated at cost. Expenditure in excess of £5,000 on individual items with an estimated useful life greater than one year are generally considered for capitalisation.

(f) Works to existing housing properties and component accounting

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 periodic replacement of components as part of the Association's planned maintenance programmes is capitalised.

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

1. Accounting policies (continued)

(f) Works to existing housing properties and component accounting (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.

(g) Depreciation

Housing properties held for letting at cost less grants received and excluding the net of grant value of land, are depreciated on a straight-line basis over the useful lives of each of the identified components of the properties. Under component accounting the following components have been identified. 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.

(h) 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.

(i) Designated Reserves

The Association has a designated Extra Care Reserve which reflects monies set aside from the income from the extra-care facilities for future expected expenditure including anticipated spend on maintenance of lifts and other specialised equipment. However, in anticipation of recommendations in the latest Statement of Recommended Practice (SORP), designated reserves are no longer shown separately in the statutory financial statements.

(j) 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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

1. Accounting policies (continued)

(k) 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 2015	Operating surplus or deficit 2014
	£	£	£	£
Social lettings (note 3)	3,983,833	2,797,976	1,185,857	1,140,595
Other activities (note 4)	1,033,027	1,049,357	(16,330)	(8,938)
Total	5,016,860	3,847,333	1,169,527	1,131,657
	=====	=====	=====	=====
2014	4,949,415	3,817,758	1,131,657	
	=====	=====	=====	

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

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

	Housing Accommodation £	Supported Housing £	2015 Total £	2014 Total £
*Rent receivable net of service charges	3,210,993	538,508	3,749,501	3,678,395
Service charges	6,173	211,781	217,954	235,757
	-----	-----	-----	-----
Gross income from rents and service charges	3,217,166	750,289	3,967,455	3,914,152
<u>Less: Voids</u>	16,012	7,582	23,594	19,882
	-----	-----	-----	-----
**Grants from the Scottish Ministers	39,972	-	39,972	-
	-----	-----	-----	-----
Total turnover from social letting activities	3,241,126	742,707	3,983,833	3,894,270
	-----	-----	-----	-----
Management and maintenance administration costs	990,069	167,327	1,157,396	935,489
Service costs	5,378	184,500	189,878	185,462
Planned and cyclical maintenance including major repair costs	247,872	31,287	279,159	487,306
Reactive maintenance costs	386,149	64,760	450,909	323,022
Bad debts (rents and service charges)	21,057	3,532	24,589	20,352
Depreciation of social housing	598,361	97,684	696,045	802,044
	-----	-----	-----	-----
Operating costs for social letting activities	2,248,886	549,090	2,797,976	2,753,675
	-----	-----	-----	-----
Operating surplus for social lettings	992,240	193,617	1,185,857	1,140,595
	=====	=====	=====	=====
Operating surplus for social lettings for 2014	992,022	148,573	1,140,595	-----
	=====	=====	=====	-----

There is no impairment of social housing to report.

*Rental income from housing accommodation includes garage rent of £170,828 (2014: £166,724).

** Grants from the Scottish Ministers are in respect of Adaptations to properties. Adaptations grants of £50k were received in the prior year but were off set against the relevant expenditure under maintenance costs.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 March 2015

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) 2015 £	Operating surplus or (deficit) 2014 £
Wider role activities, undertaken to support the community, other than the provision, construction, improvement and management of housing	-	37,116	-	-	37,116	-	37,116	-	(16,796)
Care & Repair	-	41,000	-	319,198	360,198	-	328,493	31,705	741
Factoring	-	-	-	467,585	467,585	10,274	480,705	(23,394)	-
Support activities	-	-	52,442	115,686	168,128	-	192,769	(24,641)	-
Other agency/management services	-	-	-	-	-	-	-	-	6,120
Other activities	-	-	-	-	-	-	-	-	997
Total from other activities	-	78,116	52,442	902,469	1,033,027	10,274	1,039,083	(16,330)	(8,938)
Total from other activities for 2014	-	79,543	52,442	923,160	1,055,145	10,000	1,054,083	(8,938)	

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 2015

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 (no other Director received emoluments in excess of £60,000 per annum).

	2015	2014
	£	£
Emoluments payable to Chief Executive (excluding pension contributions of £7,867 (2014: £6,002))	63,835	62,728
	=====	=====
Total expenses reimbursed to Officers in so far as not chargeable to United Kingdom income tax	2,629	3,524
	=====	=====

6. Employee information

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

	2015	2014
Office staff	21	22
Wardens, caretakers and cleaners	3	3
Care and repair staff	8	8
	-----	-----
	32	33
	=====	=====

Staff costs (including directors' emoluments):

	£	£
Wages and salaries	953,171	926,943
Social security costs	78,079	77,852
Pension costs (note 21)	219,432	144,383
	-----	-----
	1,250,682	1,149,178
	=====	=====

7. Auditor's remuneration

	2015	2014
	£	£
- in their capacity as auditor	9,120	8,820
- for other services	300	550
	=====	=====

8. Interest payable and similar charges

	2015	2014
	£	£
Interest payable on private loans	506,228	532,103
	-----	-----
	506,228	532,103
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (Cont'd.)****For the year ended 31 March 2015****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 2015.

	Housing Properties Held for Letting £
10. Tangible fixed assets - housing properties	
Cost	
At start of year	34,582,538
Additions during year	
Expenditure on components	116,498 -
Transferred to hold for let	
Disposals - RTB	(28,212)
- replaced components	(73,454)

At end of year	34,597,370

Depreciation	
At start of year	5,945,338
Charge for year	696,045
Disposals - RTB	(19,950)
- replaced components	(73,454)

At end of year	6,547,979

SHG and other grants	
At start and end of year	12,189,813

Net book value	
At end of year	15,859,578
	=====
At start of year	16,447,387
	=====

Development administration costs capitalised during the year amounted to £nil (2014: £37,370) for which no Social Housing Grants were received.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

11. Tangible fixed assets - other fixed assets

	Leasehold improvements £	Furniture fittings & equipment £	Motor vehicles £	Total £
Cost				
At start of year	98,255	244,046	26,137	368,438
Additions during year	-	19,338	-	19,338
At end of year	98,255	263,384	26,137	387,776
Depreciation				
At start of year	81,112	208,489	26,137	315,738
Charge for year	17,143	13,503	-	30,646
At end of year	98,255	221,992	26,137	346,384
Net book value				
At end of year	-	41,392	-	41,392
At start of year	17,143	35,557	-	52,700

12. Debtors

	2015 £	2014 £
Rental arrears	82,101	69,797
<u>Less: Provision for bad debts</u>	(14,626)	(6,000)
	67,475	63,797
Other debtors	243,031	186,560
Prepayments and accrued income	457,649	754,924
	768,155	1,005,281

13. Creditors: amounts falling due within one year

	2015 £	2014 £
Housing loans (note 14)	647,052	594,079
Trade creditors	173,860	279,361
Other creditors	43,567	241,780
Other taxation and social security	48,861	38,008
Accruals and deferred income	751,686	761,575
	1,665,026	1,914,803

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

14. Creditors: amounts falling due after more than one year	2015	2014
	£	£
Housing loan (see below)	9,833,751	10,506,301
	=====	=====

Loans are secured by specific charges on the Association's properties and are repayable in instalments commencing in 2014. Interest is payable at varying rates.

	2015	2014
	£	£
Housing loans repayable by instalments:		
Within one year	647,052	594,079
Between one and two years	674,455	594,079
Between two and five years	2,228,141	1,782,237
Due in five years or more	6,931,155	8,129,985
	-----	-----
	10,480,803	11,100,380
	=====	=====

15. Share capital	2015	2014
	£	£
At beginning of year	168	172
Shares of £1 each fully paid and issued during the year	4	3
Shares forfeited in year	(8)	(7)
	-----	-----
At end of year	164	168
	=====	=====

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. Revenue reserves	2015	2014
	£	£
At start of year*	8,667,307	7,834,601
Surplus for the year	706,231	832,706
	-----	-----
At end of year	9,373,538	8,667,307
	=====	=====

*The Association no longer shows designated reserves in its statutory financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

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

	2015	2014
	£	£
Operating surplus	1,169,527	1,131,657
Depreciation	30,646	30,880
Depreciation on property	696,045	802,044
Decrease/(increase) in debtors	237,126	(105,102)
(Decrease)/increase in creditors	(296,152)	154,401
Shares forfeited	(8)	(7)
	-----	-----
	1,837,184	2,013,873
	=====	=====

18. Gross cash flows

	2015	2014
	£	£

Returns on investments and servicing of finance

Interest received	18,776	11,073
Interest paid	(512,826)	(532,103)
	-----	-----
	(494,050)	(521,030)
	=====	=====

Capital expenditure

Sale of properties	32,418	340,170
Payments to acquire properties and works to existing properties	(116,498)	(1,040,317)
SHG received	-	155,016
Payments to acquire other tangible fixed assets	(19,338)	(31,803)
	-----	-----
	(103,418)	(576,934)
	=====	=====

Financing

Issue of ordinary share capital	4	3
Loan finance repaid	(619,577)	(594,078)
	-----	-----
	(619,573)	(594,075)
	=====	=====

19. Analysis of changes in net debt	At 31 March 2014	Cash Flow	Other Changes	At 31 March 2015
	£	£	£	£
Cash in hand and at bank	3,583,211	620,143	-	4,203,354
Debt due within 1 year	(594,079)	619,577	(672,550)	(647,052)
Debt due after 1 year	(10,506,301)	-	672,550	(9,833,751)
	-----	-----	-----	-----
	(7,517,169)	1,239,720	-	(6,277,449)
	=====	=====	=====	=====

20. Reconciliation of net cash flow to movement in net debt (note 19)

	2015	2014
	£	£
Increase in cash for the year	620,143	321,834
Loan Payments made in the year	619,577	594,078
Net debt at 1 April 2014	(7,517,169)	(8,433,081)
	-----	-----
Net debt at 31 March 2015	(6,277,449)	(7,517,169)
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

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 Scheme 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 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

The Scheme offers six 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.
- Defined Contribution (DC) option.

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. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months prior notice.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

21. Pensions (cont'd)

The Association continues to offer membership of the Scheme to its employees and 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, in respect of Members of the 1/60th accrual rate benefit structure, Bridgewater Housing Association paid contributions at the rate of 12.3% of pensionable salaries together with additional deficit contributions of £140,962 (see below). Member contributions were also 12.3%. In respect of Members of the 1/80th accrual rate benefit structure, the Association paid contributions at the rate of 8.5% of pensionable salaries and Member contributions were 8.4%.

The additional deficit contributions increased to £145,046 from 1 April 2015 and increase by 3% per annum each 1 April thereafter during the deficit recovery period.

Employer Debt

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 2014. As of this date the estimated employer debt for Bridgewater Housing Association was £4,759,194.

22. Housing stock

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

	Units in Management	
	2015	2014
General needs	705	706
Supported	150	150
Properties managed on behalf of other organisations	7	7
	-----	-----
	862	863
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2015

23. Commitments	2015	2014
Capital expenditure that has been contracted for but has not been provided for in the financial statements	£nil =====	£nil =====

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

24. Operating lease commitments and contingent liability

	2015		2014	
	Office Equipment £	Property £	Office Equipment £	Property £
Operating leases which expire:				
Within one year	-	41,150	-	41,150
Within two to five years	6,689	-	-	-
Over five years	-	-	6,334	-
	=====	=====	=====	=====

The Board is mindful of the remaining duration of the office lease and the potential for dilapidations to arise. No provision for any dilapidations which may become payable on termination of the lease has been made as the amount cannot as yet be determined with any accuracy.

25. Legislative provisions

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

26. Related parties

During the year ended 31 March 2015, William Robertson, Aileen Naismith, Hugh Cameron, Heather Stirling, Alastair Morris and John Paterson were members of the Board and tenants of Bridgewater Housing Association. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy.

