



Alexander Sloan
Accountants and Business Advisers

Bridgewater Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HAL301

FCA Reference No.2525R(S)

Scottish Charity No. SC035819

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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BRIDGEWATER HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

Board

Alastair Morris
John Paterson
Heather Stirling
Angela Westrop
Frank Bradley
Robert McNally
Aileen Naismith
Ken McIntosh
Denise Love
Suzanne Austin
Steve Webster
Craig McGarry

Chairperson
Vice Chairperson
Secretary

resigned 24 February 2022

Executive Officers

Ian McLean
Andy Thomson
Scott Currie
Gary Stapleton
Ruth Brogan
Angie Kennedy

Chief Executive (retired 29/04/22)
Chief Executive (appointed 02/05/22)
Corporate Services Manager
Technical Manager (retired 29/06/22)
Head of Housing & Customer Engagement
Head of Finance

Registered Office

1st Floor
Bridgewater Shopping Centre
Erskine, PA8 7AA

External Auditors

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

Internal Auditors

Wylie & Bisset
168 Bath Street
Glasgow
G2 4TP

Bankers

The Royal Bank of Scotland PLC
Kirkstane House
3rd Floor, 139 St. Vincent Street
Glasgow, G2 5JF

Nationwide Building Society Limited
Housing Finance
Commercial Division
Nationwide Building Society
Northampton, NN3 6NW

Bank of Scotland
Unit 8, Bridgewater Shopping Centre
Erskine, PA8 7AA

Solicitors

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

The Board presents its report and the financial statements for the year ended 31 March 2022.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 2525RS), the Scottish Housing Regulator as a registered social landlord (No. HAL301) under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the charity number SC035819. The Association is governed under its Rule Book.

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.
- Delivering under contract, the Care and Repair service for Renfrewshire, East Renfrewshire and Inverclyde Local Authorities.
- The provision of a Supported Housing Service to older and or vulnerable 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

It would be impossible to review the Association's business without reference to the Covid-19 pandemic which surfaced shortly before the start of 2020/2021 and its impact is still being felt in 2021/2022. The office was closed to the public for part of the year and staff were required to work from home. More recently the office has re-opened to the public 4 days a week and staff are continuing to work both at home and from the office.

The pandemic and the resultant restrictions on the Association's ability to provide services has had a profound impact on all of the work that the Association is involved in. Notwithstanding the fact that staff have been able to work from home, there have, nevertheless been specific and challenging issues which the Association has had to deal with.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Reactive Repairs and Maintenance

The delivery of reactive repairs and maintenance services during 2021/22 was not as adversely affected by Covid restrictions in comparison to the previous year. Reactive repairs performance was generally satisfactory with around 90% of repairs carried out within policy timescales. Access problems arising from tenants shielding from Covid infection continued for a brief time but had a diminishing effect on performance as the year progressed. Covid and arguably Brexit continued to have a negative impact on the availability of labour to all our contractors which, together with global supply chain problems and rising inflation, made the maintenance sector a particularly challenging environment.

Following the end of the initial period of lockdown, all contractors began to work normally or as near normally as they could. Covid-19 related access issues continued to affect the gas maintenance programme. However, the contractor was able to catch up with all of the servicing which was overdue between the end of the initial lock down and later more recent restrictions. The Association appointed a new reactive repairs contractor, at the beginning of September 2021. The early indications are positive and the contractor has dealt effectively with the backlog of non-emergency repairs.

Technical Services will resume pre-inspections of reactive repairs when circumstances allow. Essential preventative maintenance work was carried out during lockdown and will continue in line with relevant guidelines and safety precautions to protect personnel and customers.

Major Improvements/Planned Maintenance

The Association completed a significant planned maintenance and major improvement programme during the year although the effect of supply chain disruption and labour shortages within the maintenance sector did cause disruption and delay. The highlights of the programme include:

- The smoke and heat detector upgrade contract progressed throughout the year with approximately 80% of Bridgewater's property complying with the Scottish Government's Fire and Electrical Safety standards by the end of the year. This particular contract was the most affected by supply chain difficulties.
- The 2021/22 re-roofing programme saw the completion of 85 new roofs to Bridgewater houses and flats.
- The kitchen and bathroom replacement programme delivered 53 new kitchens and 5 new bathrooms.
- The boiler replacement programme saw 23 new high efficiency boilers installed increasing Bridgewater's EESSH compliance to 97%.
- Year 3 of the car park and footpath resurfacing programme was completed with £270,000 spent keeping the estates safe to use for residents and visitors. The 4th and final phase of the current programme will commence in August or September 2022.
- Gas boiler safety checks resumed as normal at the beginning of year. The relaxation of lockdown restrictions saw a virtual return to the customary 100% compliance with our obligation to service all boilers within 1 year of their previous service.
- In the financial year to 31 March 2022, maintenance spend totalled £2,136,598 of which £985,440 was capitalised.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Rent Arrears and Rent Collection

The Association's arrears increased month on month, however, a significant reduction was achieved at the end of March 2022 with arrears sitting at £99,973. The decrease reflects the shift in approach in line with the Coronavirus Rent Arrears Strategy and also the award of £29,570 received from the Tenants Covid Grant Fund. The award was paid to the Association for 30 tenants who had accrued arrears as a result of the Covid pandemic.

Voids and Allocations

A total of 68 properties were given up over the year with void loss totalling £103,632. This figure does not take account of the compensatory payment of £34,000 received from Renfrewshire Council for access restrictions during Covid at the Extra Care developments.

Over the year, 88 properties were relet, with half of the properties being in our two extra care developments and sheltered housing. A promotional campaign was successful in generating demand for extra care housing.

Funding Success

In order to continue to support our tenants with young children and elderly/ vulnerable tenants the Association secured funding to provide events and a programme of activities to reduce loneliness and isolation.

- Scottish Governments Community Recovery Fund – £25,000
- Coop Community Fund – £1,821
- Vodafone Charities Connected – 400 free SIM cards offering 20GB of data plus free calls and texts distributed to tenants in financial hardship.

Landscape Maintenance

The quality of landscape maintenance throughout 2021/22 has been consistently good. Challenges arising from Covid restrictions were not as pronounced as the previous year which saw a return to the customary high standards of grass cutting, shrub and tree maintenance. Factoring services were also able to resume effective quality control and it's responsive to customers.

Factoring

Bridgewater provides a factoring service to 2,686 house and flat owners in Erskine. House owners receive an annual bill for maintenance to common areas such as landscaping, car parks, footpaths and common retaining/boundary walls. Flat owners pay similar fees but also additional charges for repairs and maintenance to common parts of blocks, insurances and a higher administration charge. All owners pay an admin fee to the Association for the factoring services they receive.

The quality of the maintenance carried out to common areas and the common parts of factored blocks of flats has been consistently good. Factoring Services has delivered high standards of service to its customers despite the challenges of working from home and the control and management of owner debt has been exemplary.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Care and Repair

The pandemic continued to affect the ability of Care & Repair staff to provide normal consistent services, with ongoing Covid restrictions limiting the number of clients who could be visited per day and ultimately the number of completed cases.

However, Care & Repair has during 2021/22 shown impressive performance levels despite the challenges faced by the team, and completion levels are only marginally short of initial targets. All three funding local authorities are delighted with output. Last year saw the completion of an 11 month negotiated contract with Renfrewshire and East Renfrewshire Councils, who have entered into another 12 month agreement, as well as completion of a 3 year contract with Inverclyde Council, who have utilised the option to extend for a further 2 years.

The successful sourcing of £25,000 charitable funding facilitated the ongoing provision of a free Small Repairs Service in Inverclyde (in lieu of a chargeable service pre lockdown) and a resumption of demand. An additional application will be submitted early 2022/23 to support a free service for the next 2 years.

The Care & Repair team continued to diversify and have taken on new initiatives to compliment local authority funding and expand the range of supportive services to clients. These include £50,000 from the Scottish Government to supply and install smoke detection equipment free of charge for qualifying homeowners as well as installing smart doorbells, key safes, grab rails, smoke detection equipment for hard of hearing and stairgates for vulnerable children.

Governance Issues

The Association is regulated by the Scottish Housing Regulator and managed by an elected Board of Management. The Board has overall responsibility for managing the Association's finances and is supported by the Audit Sub-Committee which has specific responsibility for overseeing the financial controls of the Association. The Audit Sub-Committee meets quarterly, and the Committee is supported by the work of both internal and external auditors. The Board is charged with overseeing the management of the Association and monitoring its financial and non-financial performance.

The impact of the pandemic and the consequential stay at home message and restrictions on gatherings continued to have a significant impact on the governance of the Association because Board members were unable to meet physically. However, this has not meant that the Board has been unable to exercise appropriate control, oversight and governance over the Association's strategy and direction of travel, or for that matter operational performance and audit. The Board met via video conferencing software throughout the pandemic restrictions and was able to continue to exercise its normal governance through meeting digitally.

The Board also continued their annual Board member reviews to ensure that as a group, and as individual Board members, they meet regulatory and good practice requirements. The Board remains open to new members joining and bringing fresh ideas, skills and approaches.

The Board further developed and submitted its Annual Assurance Statement (AAS) to the Scottish Housing Regulator by the due deadline. This Board submitted a positive AAS confirming the Association's compliance with regulatory requirements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

The Future and Recovery from the Pandemic

The worldwide Covid19 pandemic continued to have an impact on the Association during the financial year 2021/22. To meet the required Covid19 restrictions we closed our office to the public in March 2020 and it remained closed throughout 2021/22 with services continuing with office-based staff working from home for the most-part. Throughout the year the Board continually reviewed the impact of Covid19 on our tenants, customers, staff, stock and business generally. The Association has robust business continuity plans in place which allowed our business to be managed and impact to be minimised.

The timing of lockdown coincided with Bridgewater's intention to adopt a new Business Plan which was developed before the pandemic. Necessarily business objectives have had to be reprioritised and the Business Plan was published during the financial year. The Business Plan will continue to be adapted until a more predictable 'new normal' is reached. There remain significant challenges in the coming years for the social rented sector and Bridgewater specifically; planned maintenance in particular has been hit hard but our investment programme has been changed and reprioritised to ensure that we meet our strategic objectives.

It is clear that asset management will become more expensive for the foreseeable future and a reduction in available contractors is restricting the market which will ultimately push costs up for reactive and void maintenance. Even as we enter the recovery phase, concerns about how to manage the repairs and property improvement services whilst still delivering value for money continue.

Notwithstanding the pandemic, the Association ended the year on a strong financial footing with cash reserves of £5.9 million. An operating surplus of £1.2 million was generated and reserves were £15 million. Throughout the year the Association met all covenants required by lenders and regulatory deadlines for financial submissions.

The existing Chief Executive indicated that he would retire during the next financial year therefore a strategic options appraisal was undertaken taking account of senior staff succession planning. The outcome of this process saw the Board wishing to remain as an independent organisation retaining Bridgewater's identity as a community-based organisation. The Board appointed a new Chief Executive and will continue to explore partnership opportunities to maximise benefits for tenants and customers. As this report and our financial results show, there are many positives about remaining as an important community anchor organisation in Erskine.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Board and Executive Officers

The members of the Board and the Executive officers are listed on page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board.

The members of the Board are also trustees of the charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 them 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 2019. It 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board must in determining how amounts are presented within items in the Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

Going Concern

Based on its budgetary and forecasting processes the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2022

Statement on Internal Financial Control

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association'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 Association 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 Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2022. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Disclosure of Information to the Auditor

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

BRIDEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2022

By order of the Board



Heather Stirling
Secretary
17 August 2022

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice 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 of Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice 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 Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
17 August 2022



Alexander Sloan
Accountants and Business Advisers

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Bridgewater Housing Association Limited (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Association for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion of those statements on 19th August 2021.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other Information

The Board is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Other Information (Contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities as set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Board Members and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

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

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
17 August 2022



Alexander Sloan
Accountants and Business Advisers

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Revenue	2		6,007,029		6,152,257
Operating costs	2		4,807,380		4,948,304
OPERATING SURPLUS			1,199,649		1,203,953
Interest receivable and other income		3,263		8,382	
Interest payable and similar charges	7	(34,211)		(39,184)	
Other Finance income/(charges)	10	(18,000)		1,000	
			(48,948)		(29,802)
SURPLUS FOR THE YEAR			1,150,701		1,174,151
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	17		620,000		(1,058,000)
TOTAL COMPREHENSIVE INCOME			1,770,701		116,151

The results relate wholly to continuing activities.


The notes on pages 19 to 38 form an integral part of these financial statements.


BRIDGEWATER HOUSING ASSOCIATION LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022		2021
		£	£	£
NON-CURRENT ASSETS				
Housing properties - depreciated cost	11		24,767,139	24,781,854
Other tangible assets	11		11,983	13,235
			<u>24,779,122</u>	<u>24,795,089</u>
CURRENT ASSETS				
Receivables	12	1,219,668	1,213,533	
Cash and cash equivalents	13	5,922,156	6,065,533	
		<u>7,141,824</u>	<u>7,279,066</u>	
CREDITORS: Amounts falling due within one year	14	(2,285,758)	(2,055,839)	
NET CURRENT ASSETS			<u>4,856,066</u>	<u>5,223,227</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			29,635,188	30,018,316
CREDITORS: Amounts falling due after more than one year	15		(5,006,538)	(6,040,138)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES				
Scottish housing association pension scheme	17	(61,000)	(936,000)	
			(61,000)	(936,000)
DEFERRED INCOME				
Social housing grants	18	(9,557,892)	(9,803,116)	
			<u>(9,557,892)</u>	<u>(9,803,116)</u>
NET ASSETS			<u>15,009,758</u>	<u>13,239,062</u>
EQUITY				
Share capital	19		58	63
Revenue reserves			15,070,700	14,174,999
Pension reserves			(61,000)	(936,000)
			<u>15,009,758</u>	<u>13,239,062</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 17 August 2022.


Board Member


Board Member


Secretary

The notes on pages 19 to 38 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Surplus for the Year			1,150,701		1,203,953
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	1,012,404		980,269	
Amortisation of capital grants	18	(245,224)		(245,224)	
Non-cash adjustments to pension provisions		(255,000)		(205,000)	
Share capital written off	19	(5)		(10)	
			512,175		530,035
Interest receivable			(3,263)		-
Interest payable	7		34,211		-
Operating cash flows before movements in working capital			1,693,824		1,733,988
Change in debtors		(6,138)		(143,280)	
Change in creditors		236,701		190,315	
			230,563		47,035
Net cash inflow from operating activities			1,924,387		1,781,023
Investing Activities					
Acquisition and construction of properties		(985,440)		(261,541)	
Purchase of other fixed assets		(10,997)		-	
Net cash outflow from investing activities			(996,437)		(261,541)
Financing Activities					
Interest received on cash and cash equivalents		3,263		8,382	
Interest paid on loans		(34,211)		(39,184)	
Loan principal repayments		(1,040,379)		(1,026,585)	
Net cash outflow from financing activities			(1,071,327)		(1,057,387)
(decrease)/increase in cash	20		(143,377)		462,095
Opening cash & cash equivalents			6,065,533		5,603,438
Closing cash & cash equivalents			5,922,156		6,065,533
Cash and cash equivalents as at 31 March					
Cash	20		5,922,156		6,065,533
			5,922,156		6,065,533

The notes on pages 19 to 38 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital	Scottish Housing Association Fension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2020	73	-	13,122,848	13,122,921
Cancellation of Shares	(10)	-	-	(10)
Other comprehensive income	-	(1,058,000)	-	(1,058,000)
Other movements	-	122,000	(122,000)	-
Surplus for the year	-	-	1,174,151	1,174,151
Balance as at 31 March 2021	<u>63</u>	<u>(936,000)</u>	<u>14,174,999</u>	<u>13,239,062</u>
Balance as at 1 April 2021	63	(936,000)	14,174,999	13,239,062
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	620,000	-	620,000
Other movements	-	255,000	(255,000)	-
Surplus for the year	-	-	1,150,701	1,150,701
Balance as at 31 March 2022	<u>58</u>	<u>(61,000)</u>	<u>15,070,700</u>	<u>15,009,758</u>

The notes on pages 19 to 38 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS), a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

On the basis that the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
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 and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Leasehold improvements	Over remaining life of lease
Office equipment	20%
Fixtures and fittings	15%
Computer equipment	33.3%
Motor vehicles	25%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

The Association is a Scottish Charity and is not liable to taxation on its charitable activities.

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that cannot be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing Properties

In the judgement of the Board the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Board considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Board has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 26.

e) Concessionary Loan

Concessionary loans are recognised in the Statement of Financial Position at the amount paid or received.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

		2022			2021		
	Notes	Turnover	Operating costs	Operating surplus / (deficit)	Turnover	Operating costs	Operating surplus / (deficit)
		£	£	£	£	£	£
Affordable letting activities	3	4,596,232	3,493,725	1,102,507	4,673,159	3,615,873	1,057,286
Other Activities	4	1,410,797	1,313,655	97,142	1,479,098	1,332,431	146,667
Total		6,007,029	4,807,380	1,199,649	6,152,257	4,948,304	1,203,953

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing	Supported Housing	Shared Ownership	2022 Total	2021 Total
	£	£	£	£	£
Revenue from Lettings					
Rent receivable net of service charges	3,602,185	604,009	-	4,206,194	4,201,811
Service charges receivable	21,430	150,287	-	171,717	174,858
Gross income from rent and service charges	3,623,615	754,296	-	4,377,911	4,376,669
Less: Rent losses from voids	95,773	7,859	-	103,632	90,886
Income from rents and service charges	3,527,842	746,437	-	4,274,279	4,285,783
Grants released from deferred income	245,224	-	-	245,224	245,224
Revenue grants from Scottish Ministers	76,729	-	-	76,729	124,943
Other revenue grants	-	-	-	-	17,209
Total turnover from affordable letting activities	3,849,795	746,437	-	4,596,232	4,673,159
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,028,166	172,192	-	1,200,358	1,242,625
Service costs	19,841	139,140	-	158,981	167,518
Planned and cyclical maintenance, including major repairs	518,056	86,867	-	604,923	656,338
Reactive maintenance costs	467,796	78,439	-	546,235	494,151
Bad Debts - rents and service charges	(14,496)	(2,431)	-	(16,927)	83,830
Depreciation of affordable let properties	856,533	143,622	-	1,000,155	971,411
Operating costs of affordable letting activities	2,875,896	617,829	-	3,493,725	3,615,873
Operating surplus on affordable letting activities	973,899	128,608	-	1,102,507	1,057,286
2021	970,969	86,317	-		

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus (deficit) 2022	Operating surplus (deficit) 2021
	£	£	£	£	£	£	£	£	£
Care and repair	-	129,000	-	480,948	609,948	-	540,801	69,147	119,420
Factoring	-	-	-	613,064	613,064	(129)	602,203	10,990	28,627
Support activities	-	-	52,320	109,404	161,724	-	149,818	11,906	(3,685)
Other activities	-	-	-	26,061	26,061	-	20,962	5,099	2,305
Total From Other Activities	-	129,000	52,320	1,229,477	1,410,797	(129)	1,313,784	97,142	146,667
2021	-	213,890	52,320	1,212,888	1,479,098	(19,886)	1,352,317	146,667	

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2022	2021
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>64,384</u>	<u>62,360</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>22,090</u>	<u>25,313</u>
Emoluments payable to Chief Executive (excluding pension contributions)	64,384	62,360
Pension contributions paid on behalf of the Chief Executive	<u>22,090</u>	<u>25,313</u>
Total emoluments payable to the Chief Executive	<u>86,474</u>	<u>87,673</u>
Total emoluments paid to key management personnel	<u>317,672</u>	<u>336,002</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	2	3
£80,001 to £90,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2022	2021
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>32</u>	<u>33</u>
Average total number of employees employed during the year	<u>36</u>	<u>36</u>
Staff costs were:	£	£
Wages and salaries	1,082,335	1,084,895
National insurance costs	111,504	108,738
Pension costs	<u>269,971</u>	<u>256,577</u>
	<u>1,463,810</u>	<u>1,450,210</u>

During the year, the Association made past service deficit pension payments of £227,596 (2021: £221,175).

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	34,211	39,184
	<u>34,211</u>	<u>39,184</u>

8. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,012,404	962,553
Auditors' remuneration - audit services	9,600	9,960
Operating lease rentals - land & buildings	51,849	46,202
Operating lease rentals - other	<u>1,591</u>	<u>2,618</u>

9. CORPORATION TAX

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

10. OTHER FINANCE INCOME / (CHARGES)

	2022	2021
	£	£
Net interest on pension obligations	<u>(18,000)</u>	<u>1,000</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Other Housing Property category £	Total £
COST					
At 1 April 2021	36,409,848	-	-	-	36,409,848
Additions	985,440	-	-	-	985,440
Disposals	(154,554)	-	-	-	(154,554)
Transfers	-	-	-	-	-
At 31 March 2022	<u>37,240,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,240,734</u>
DEPRECIATION					
At 1 April 2021	11,627,994	-	-	-	11,627,994
Charge for Year	1,000,155	-	-	-	1,000,155
Transfers	-	-	-	-	-
Disposals	(154,554)	-	-	-	(154,554)
At 31 March 2022	<u>12,473,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,473,595</u>
NET BOOK VALUE					
At 31 March 2022	<u>24,767,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,767,139</u>
At 31 March 2021	<u>24,781,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,781,854</u>

Expenditure on Existing Properties	2022		2021	
	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	985,440	-	261,541	-
Amounts charged to the statement of comprehensive income	-	1,151,158	-	1,150,489
	<u>985,440</u>	<u>1,151,158</u>	<u>261,541</u>	<u>1,150,489</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £9,926,484 (2021 - £9,603,493)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Leasehold Improvements £	Furniture & Equipment £	Motor Vehicles £	Computer Equipment £	Total £
COST					
At 1 April 2021	98,255	112,928	18,608	46,833	276,624
Additions	-	-	-	10,997	10,997
At 31 March 2022	<u>98,255</u>	<u>112,928</u>	<u>18,608</u>	<u>57,830</u>	<u>287,621</u>
DEPRECIATION					
At 1 April 2021	98,255	112,928	9,304	42,902	263,389
Charge for year	-	-	4,652	7,597	12,249
At 31 March 2022	<u>98,255</u>	<u>112,928</u>	<u>13,956</u>	<u>50,499</u>	<u>275,638</u>
NET BOOK VALUE					
At 31 March 2022	<u>-</u>	<u>-</u>	<u>4,652</u>	<u>7,331</u>	<u>11,983</u>
At 31 March 2021	<u>-</u>	<u>-</u>	<u>9,304</u>	<u>3,931</u>	<u>13,235</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2022	2021
	£	£
Gross arrears of rent and service charges	233,450	235,201
Less: Provision for doubtful debts	<u>(81,672)</u>	<u>(108,548)</u>
<i>Net arrears of rent and service charges</i>	151,778	126,653
Other receivables	1,067,890	1,086,880
	<u>1,219,668</u>	<u>1,213,533</u>

13. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank and in hand	5,922,156	6,065,533
	<u>5,922,156</u>	<u>6,065,533</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	842,951	849,733
Concessionary loans	187,470	187,470
Trade payables	360,975	306,756
Rent received in advance	96,076	73,685
Other taxation and social security	62,587	61,672
Other payables	109,709	109,726
Accruals and deferred income	625,990	466,797
	<u>2,285,758</u>	<u>2,055,839</u>

15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans	4,356,608	5,202,736
Concessionary loans	649,930	837,402
	<u>5,006,538</u>	<u>6,040,138</u>

16. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Bank Loans		
Amounts due within one year	842,951	849,733
Amounts due in one year or more but less than two years	851,978	854,653
Amounts due in two years or more but less than five years	3,504,630	3,468,392
Amounts due in more than five years	-	879,691
	<u>5,199,559</u>	<u>6,052,469</u>

Loans are secured by specific charges on the Association's properties. All of the Association's bank borrowings are repayable on a quarterly basis with the principal being amortised over the term of the loans. Interest is payable at variable rates of 0.47%, 0.30% and 0.30% which produce a weighted average of 0.41%.

The concessionary loan from HEEPS is repayable on a monthly basis over a 10 year term and has been offered at nil interest.

The concessionary loan from the Scottish Government is repayable annually over a 5 year term and has been offered at nil interest.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Bridgewater Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2022	2021	2020
	£	£	£
Fair value of plan assets	8,652,000	8,485,000	7,545,000
Present value of defined benefit obligation	8,713,000	9,421,000	7,629,000
Surplus / (deficit) in plan	(61,000)	(936,000)	(84,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(61,000)	(936,000)	(84,000)

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at the start of period	9,421,000	7,629,000
Current service cost	143,000	239,000
Expenses	7,000	7,000
Interest expense	199,000	182,000
Contributions by plan participants	12,000	19,000
Actuarial losses (gains) due to scheme experience	389,000	(106,000)
Actuarial losses (gains) due to changes in demographic assumptions	27,000	-
Actuarial losses (gains) due to changes in financial assumptions	(740,000)	1,663,000
Benefits paid and expenses	(745,000)	(212,000)
Defined benefit obligation at the end of period	<u>8,713,000</u>	<u>9,421,000</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2022	2021
	£	£
Fair value of plan assets at start of period	8,485,000	7,545,000
Interest income	181,000	183,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	296,000	499,000
Contributions by the employer	423,000	451,000
Contributions by plan participants	12,000	19,000
Benefits paid and expenses	(745,000)	(212,000)
Fair value of plan assets at the end of period	<u>8,652,000</u>	<u>8,485,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £477,000.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2022	2021
	£	£
Current service cost	143,000	239,000
Expenses	7,000	7,000
Net interest expense	18,000	(1,000)
	<u>168,000</u>	<u>245,000</u>
Defined benefit costs recognised in statement of comprehensive income	<u>168,000</u>	<u>245,000</u>

Defined benefit costs recognised in the other comprehensive income

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	296,000	499,000
Experience gains and losses arising on plan liabilities - gain/(loss)	(389,000)	106,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain/(loss)	(27,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain/(loss)	740,000	(1,663,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	<u>620,000</u>	<u>(1,058,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>620,000</u>	<u>(1,058,000)</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2022	2021	2020
	£	£	£
Absolute Return	397,000	418,000	463,000
Alternative Risk Premia	357,000	340,000	605,000
Corporate Bond Fund	547,000	640,000	551,000
Credit Relative Value	278,000	245,000	181,000
Distressed Opportunities	310,000	290,000	138,000
Emerging Markets Debt	322,000	342,000	268,000
Opportunistic Credit	30,000	232,000	-
Global Equity	1,711,000	1,313,000	1,038,000
Liquid Credit	55,000	147,000	198,000
Infrastructure	540,000	474,000	445,000
Insurance-Linked Securities	181,000	177,000	202,000
Liability Driven Investment	2,094,000	2,040,000	1,987,000
Long Lease Property	249,000	197,000	184,000
Net Current Assets	28,000	63,000	57,000
Over 15 Year Gilts	4,000	4,000	96,000
Private Debt	218,000	200,000	149,000
Property	224,000	152,000	141,000
Risk Sharing	282,000	303,000	239,000
Secured Income	462,000	466,000	419,000
Opportunistic Illiquid Credit	287,000	217,000	184,000
High Yield	84,000	222,000	-
Cash	24,000	3,000	-
Currency hedging	(32,000)	-	-
Total assets	<u>8,652,000</u>	<u>8,485,000</u>	<u>7,545,000</u>

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.4%
Inflation (RPI)	3.6%	3.3%	2.6%
Inflation (CPI)	3.2%	2.9%	1.6%
Salary Growth	4.2%	3.9%	2.6%

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	<u>25.4</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
Capital grants received				
At 1 April 2021	9,803,116	-	-	9,803,116
At 31 March 2022	<u>9,803,116</u>	<u>-</u>	<u>-</u>	<u>9,803,116</u>
Amortisation				
Amortisation in year	<u>245,224</u>	<u>-</u>	<u>-</u>	<u>245,224</u>
Net book value				
At 31 March 2022	<u>9,557,892</u>	<u>-</u>	<u>-</u>	<u>9,557,892</u>
At 31 March 2021	<u>9,803,116</u>	<u>-</u>	<u>-</u>	<u>9,803,116</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2022 £	2021 £
Amounts due within one year	245,224	245,224
Amounts due in more than one year	9,312,668	9,557,892
	<u>9,557,892</u>	<u>9,803,116</u>

19. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	63	73
Cancelled in year	<u>(5)</u>	<u>(10)</u>
At 31 March	<u>58</u>	<u>63</u>

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. When 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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	£	2022 £	£	2021 £
(Decrease) / increase in cash	(143,377)		462,095	
Cashflow from change in net debt	1,040,382		1,026,585	
Movement in net debt during the year		897,005		1,488,680
Net debt at 1 April		(1,011,808)		(2,500,488)
Net debt at 31 March		(114,803)		(1,011,808)

	At 01 April 2021 £	Cashflows £	Other Changes £	At 31 March 2022 £
Cash and cash equivalents	6,065,533	(143,377)	-	5,922,156
Debt: Due within one year	(1,037,203)	1,040,382	(1,033,600)	(1,030,421)
Due after more than one year	(6,040,138)	-	1,033,600	(5,006,538)
Net debt	(1,011,808)	897,005	-	(114,803)

21. COMMITMENTS UNDER OPERATING LEASES

	2022 £	2021 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	1,591	2,618
Expiring later than one year and not later than five years	1,895	1,822

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 1st Floor , Bridgewater Shopping Centre, Erskine, PA8 7AA.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Erskine.

23. BOARD MEMBER EMOLUMENTS

Board members received £26 (2021 - £nil) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022 No.	2021 No.
General needs	701	701
Supported housing	150	150
Managed properties	7	7
	<u>858</u>	<u>858</u>

25. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board members (and their close family) were as follows:

	2022 £	2021 £
Rent received from tenants on the Board and their close family members	<u>25,593</u>	<u>25,208</u>
Factoring charges received from factored owners on the Board and their close family members	<u>661</u>	<u>384</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £245 (2021 - £nil).

At the year end total factoring arrears owed by owner occupiers on the Board (and their close family) were £228 (2021 - £nil).

Members of the Board who are tenants	5	5
Members of the Board who are owner occupiers	2	2

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

26. CONTINGENT LIABILITY

The Pension Trust has completed a review of the changes made to the benefit structures of the Defined Benefit Schemes within the Trust. The result of this review is that, in some cases, it is unclear whether changes were made to scheme benefits in accordance with the Trust's governing documentation.

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest. However, one potential outcome is that scheme members, of which the Association is one, may see their share of scheme liabilities increase.

The Pension Trust have not made their legal advice available and the likelihood of success is currently unknown. For multi-employer schemes, the Trustee is unable to provide the estimated potential additional liability at an individual employer level as this is as yet unknown. Furthermore due to the complexities in relation to back payments, transfers, deaths and orphan liabilities, etc., it may not be possible to ascertain an accurate split by individual employers until after the court ruling, when the scope of any rectification work, should this be required, becomes known. As a result, no provision has therefore been included in the financial statements.