
BRIDGEWATER HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Registered Housing Association Number: HAL301
Charity Registration Number: SCO35819
FCA Reference Number: 2525RS

BRIDGEWATER HOUSING ASSOCIATION LIMITED

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**THE BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018
MEMBERS OF THE BOARD**

BOARD

Hugh Cameron (Chairperson)
Alastair Morris (Vice Chairperson)
Heather Stirling (Secretary)
Angela Westrop
William Robertson
Frank Bradley
Robert McNally
Aileen Naismith
Jim Sheridan
John Paterson
Ken McIntosh

EXECUTIVE OFFICER

Ian McLean, Chief Executive

REGISTERED OFFICE

1st Floor
Bridgewater Shopping Centre
Erskine
PA8 7AA

AUDITORS

French Duncan LLP
Chartered Accountants and Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

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 FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

The Board of Bridgewater Housing Association presents its report and the audited Financial Statements for the year ended 31 March 2018.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2525R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC035819.

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 approved a Business Plan for 2016/17 to 2019/20 early in 2016. This followed comprehensive work to review the vision, mission and objectives of the Association and to determine the future direction of the Organisation. The Association intends to refresh the plan to take account of the Scottish Housing Regulator's Recommended Practice for Business Planning and the Regulatory Standards of Governance and Financial Management. The refresh will also allow the Association to take on board the views of Board Members and staff from the 2016 away day and to take account of more up to date customer satisfaction information.

The Board confirmed that the Association wants to be:

A customer focussed organisation which delivers the best affordable housing and services to people who need them.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

And that our mission is to:

Get It Right For Every Customer.

Our values will be:

Doing what matters most, with and for, our customers. We are committed to providing quality, not just in the homes we build and maintain but also the services that we deliver. We believe that our customers want excellent homes and environments, value for money and a good experience when dealing with their landlord and we aim to deliver this, in partnership with them.

Putting customers first. We believe that this should permeate everything that we do, whether it's in procuring the best repairs and maintenance contracts or redesigning a service to better meet our customers' needs or removing the obstacles which prevent us from doing what they want. Our Board, as the Governing Body and our Leadership Team will provide strong leadership and oversight, ensuring tenants and other customers are protected and at the forefront of all that we do.

Getting it right first time. We will ensure a consistent approach to service delivery and strive to make sure that our customers experience is a "one stop" one. This means delivering excellent customer service which we can be proud of and that our customers can expect as a matter of course.

Our Business Plan aims to ensure that the programme of continuous improvement is implemented effectively to support the excellent services that our customers are used to. To achieve this our Board has established a set of strategic objectives, underpinned by clear delivery plans over the life of the plan. These reflect the opportunities and threats in the evolving external environment in which we operate and the current internal strengths and weaknesses of the Association. These are to:

1. Increase, as well as manage and maintain high quality, affordable homes.
2. Increase tenant's opportunities to influence change.
3. Deliver high quality, cost efficient services.
4. Protect the environment and the value of our assets.
5. Provide a challenging, supportive and rewarding work environment for staff and Board Members.

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

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. There are still a small number of abeyances and deferments which the Association will deal with as and when the opportunities arise.

EESH

The Association has developed a plan to ensure that it complies with the Scottish Government's aim that all social housing will meet the Energy Efficiency Standard for Social Housing (EESH) by 2020. In this respect the Association secured an interest free loan of just over £1m, (from the Scottish Government and administered by the Energy Savings Trust). Only £873k was required which allowed us to carry out major insulation works to a

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

number of properties earlier than we might otherwise. The Association is over 60% compliant and is confident that it will be 100% compliant by December 2020

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. Despite a very challenging year, particularly in relation to arrears recovery, we continued to report reasonably good performance in relation to how quickly and efficiently we carry out repairs, (though this was poorer than last year because of issues with a new contractor), 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. Our arrears levels decreased this year which was a major achievement given the economic circumstances in which many of our customers find themselves. We also report good performance in relation to a host of other important performance indicators. Our 2017/18 Annual Report on the Charter will feature more detailed information on many aspects of our Customer Service.

Policy Review and Development

Annually the Association has a programme of policy review and development, however a number of our policies have gone beyond their optimal review date. This is because review was reliant on the Scottish Government issuing guidance on the 2014 Housing (Scotland) Act. This is not expected until the middle of 2018 now and consequently, next year should see activity in relation to our Allocations Policy, Anti-Social Behaviour Policy and others.

Risk Management

One of the biggest single risks to the Association is the UK Government's social security reform agenda. The Government is 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. More recently Universal Credit has been an issue for some of our tenants. This will increase significantly in 2018 when Renfrewshire will be subject to the "live service".

The Association has been proactive in preparing for the Government's Welfare Reforms and we have an established and approved strategy. This has meant increasing our Welfare Rights and Money Advice services, 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 2017/18 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 helped in managing our arrears levels. 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 etc. We also limited our rent increase during 2017/18 to 2% which was a below inflationary increase and reflected concerns amongst Board Members about the rising cost of living for many of our tenants.

The Association maintains a strategic risk register and risk map to assess and monitor the business risks faced by the organisation and implements risk management controls to mitigate risks where possible. This involves identifying the types of risks, prioritising them in terms of likelihood and impact and identifying and implementing controls.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

Risk Management (continued)

Risks are monitored by the Association's Audit and Risk Committee which also takes account of changes and new risks which have arisen.

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 was a three-year contract with the option of an extension. The contract was in fact extended and expired in November 2017. The Association's Board agreed to submit a further tender and consequently again won the contract for a two-year period.

Governance Review

During the year the Association embarked on and completed a comprehensive review of its governance documentation and has produced a full Framework of Governance document which is aimed at supporting Board Members in their work. The Board will keep the Framework under constant review.

Commitments for the future

New Build

The Association will continue to be speculative and opportunistic in relation to new housing development. The Association does not have any immediate plans for new build but is currently discussing with the local authority and the Scottish Government plans for sheltered housing reprovisioning as part of the Strategic Housing Investment Plan process.

Office

The Association has been aware for some time that its current office is no longer fit for purpose and is discussing with its landlord a cost sharing arrangement to refurbish the office. Simultaneously, the Association is looking at alternatives which may prove to be more cost effective.

Environmental Maintenance

The current contract for open space maintenance expires in 2018. The Association will progress the re-procurement of this contract through its IFLAIR Framework.

Financial Planning

During 2017 the Association reviewed its financial planning and forecasting and developed a new 30-year financial plan, independently audited by a firm of consultants. This plan will form the basis of the Association's activities over the course of the next reporting period.

Service Delivery

As part of the Business Plan process, the Association developed 15 Operational Objectives, around which the Association's Operational Delivery tasks have been grouped. The Association will continue to monitor progress in relation to these tasks, throughout the life time of the plan and the Board has considered progress in relation to 2017/18.

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REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

New Business Plan

The Association's current business plan takes the Association up to 2019. During 2018 the Association's Board will take time out to review progress and to consider the future of the organisation and its priorities and objectives.

Statement of 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 and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Board is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- 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 - 2014. 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 has confirmed, as far as it is aware, that there is no relevant audit information of which the Association's auditors are unaware. Each of the Board members has confirmed that they have taken all steps that they ought to have taken as a Board member in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

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.

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.

Any systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. The financial control system within the Association is appropriate to the size and complexity of the Organisation. 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 the Association'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 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;
- All expenditure is authorised 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 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 include 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

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2018

- 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;
- 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

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. 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.

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Board

Signature

A black rectangular box redacting the signature of the person on behalf of the Board.

Heather Stirling, Secretary

Date: 15 August 2018

BRIDGEWATER HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITORS TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2018**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 8 and 9 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 relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 8 and 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Chartered Accountants
Statutory Auditors

GLASGOW

Date: 1 August 2018

BRIDGEWATER HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED 31 MARCH 2018

OPINION

We have audited the financial statements of Bridgewater Housing Association Limited for the year ended 31 March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

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 Housing Association in accordance with the ethical requirements that are relevant to our audit of Financial Statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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 opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board members' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Board members have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the Board's report, other than the Financial Statements and our auditor's report thereon. The Board is responsible for the other information.

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 BOARD OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018

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 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 we require for our audit.

RESPONSIBILITIES OF BOARD MEMBERS

As explained more fully in the Statement of Board's Responsibilities set out on page 7, the Board is responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of 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 Housing 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 members either intend to liquidate the Housing Association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


BRIDGEWATER HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION
LIMITED FOR THE YEAR ENDED 31 MARCH 2018

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Housing Association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with Section 87 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.


French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date:  August 2018

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
REVENUE	2	5,518,818	5,487,791
Operating costs	2	<u>(4,754,995)</u>	<u>(4,047,207)</u>
OPERATING SURPLUS	9	763,823	1,440,584
Gain on sale of housing stock	7	114,109	105,944
Interest receivable and other similar income		9,348	21,688
Interest payable and other similar charges	8	(413,537)	(449,515)
Other Finance Charges	11	<u>(8,000)</u>	<u>(37,000)</u>
		(298,080)	(358,883)
SURPLUS FOR THE YEAR		<u>465,743</u>	<u>1,081,701</u>
OTHER COMPREHENSIVE INCOME			
SHAPS Pension Adjustment		-	772,000
TOTAL COMPREHENSIVE INCOME		<u><u>465,743</u></u>	<u><u>1,853,701</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 18 to 35 form part of these Financial Statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	26,237,049	26,427,064
Other tangible fixed assets	12(b)	1,400	3,227
		<u>26,238,449</u>	<u>26,430,291</u>
CURRENT ASSETS			
Trade & Other Debtors	14	1,596,686	909,923
Cash & Cash Equivalents		<u>4,364,391</u>	<u>4,581,390</u>
		5,961,077	5,491,313
CREDITORS: amounts falling due within one year	15	<u>(2,044,135)</u>	<u>(1,737,308)</u>
NET CURRENT ASSETS		<u>3,916,942</u>	<u>3,754,005</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		30,155,391	30,184,296
CREDITORS: amounts falling due after more than one year			
Housing property loans	16	(8,358,644)	(8,448,080)
Retirement benefit scheme deficit	16	<u>(495,000)</u>	<u>(655,000)</u>
		(8,853,644)	(9,103,080)
DEFERRED INCOME			
Social Housing Grants	18	<u>(10,538,788)</u>	<u>(10,784,012)</u>
NET ASSETS		<u>10,762,959</u>	<u>10,297,204</u>
EQUITY			
Share capital	19	71	59
Revenue reserve		<u>10,762,888</u>	<u>10,297,145</u>
		<u>10,762,959</u>	<u>10,297,204</u>

The Financial Statements were approved by the Board, authorised for issue, and signed on its behalf on 15 August 2018.

Hugh Cameron
Chairperson

Alastair Morris
Vice Chairperson

Secretary

The notes on page 18 to 35 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	803,192	1,859,581
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(765,039)	(532,664)	
Social Housing Grant received	-	71,394	
Proceeds of disposals of housing properties	131,600	124,000	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(633,439)	(337,270)
NET CASH INFLOW BEFORE FINANCING		169,753	1,522,311
FINANCING ACTIVITIES			
Loan Advance Received	729,114	-	
Issue of share capital	39	12	
Interest received	9,348	21,688	
Interest paid on loans	(413,537)	(449,515)	
Loan principal repayments	(711,716)	(674,968)	
NET CASH (OUTFLOW) FROM FINANCING		(386,752)	(1,102,783)
(DECREASE)/INCREASE IN CASH		(216,999)	419,528
OPENING CASH AND CASH EQUIVALENTS		4,581,390	4,161,862
CLOSING CASH AND CASH EQUIVALENTS		4,364,391	4,581,390

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2017	59	10,297,145	10,297,204
Issue of Shares	39	-	39
Cancelled shares	(27)	-	(27)
Surplus for Year	-	465,743	465,743
Balance as at 31 March 2018	<u>71</u>	<u>10,762,888</u>	<u>10,762,959</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2016	155	8,443,444	8,443,599
Issue of Shares	12	-	12
Cancelled shares	(108)	-	(108)
Surplus for Year	-	1,081,701	1,081,701
SHAPS Pension Adjustment	-	772,000	772,000
Balance as at 31 March 2017	<u>59</u>	<u>10,297,145</u>	<u>10,297,204</u>

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These Financial Statements have been 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 2014 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Going Concern

The Board has assessed the Association's ability to continue as a going concern and has reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure 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 it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and 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 Associations taken as a whole.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic 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 and Impairment of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Leasehold improvements	Over remaining life of lease
Office equipment	20% Straight Line
Fixtures and fittings	15% Straight line
Computer equipment	33.3% Straight Line
Motor vehicles	25% Straight Line

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants in Advance/Arrears

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 it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

PRINCIPAL ACCOUNTING POLICIES (Continued)

Sales of Housing Properties

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposal and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association's 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, is disclosed below:

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.

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.

Useful Lives of Other Fixed Assets

The useful lives of other fixed assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Leases/Leased Assets

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.

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.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

a) The 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 Association considers its cash-generating units to be the entire housing portfolio in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised 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.

Concessionary Loan

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2018		2017			
	Note	Revenue £	Operating costs £	Operating surplus £	Revenue £	Operating costs £	Operating surplus £
Affordable letting activities	3	4,411,478	3,671,239	740,239	4,317,502	2,967,626	1,349,876
Other activities	4	1,107,340	1,083,756	23,584	1,170,289	1,079,581	90,708
Total		<u>5,518,818</u>	<u>4,754,995</u>	<u>763,823</u>	<u>5,487,791</u>	<u>4,047,207</u>	<u>1,440,584</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	2018 Total	2017 Total
	£	£	£	£
Revenue from lettings				
Rent receivable net of identifiable service charges	3,379,762	566,714	3,946,476	3,907,208
Service charges receivable	22,354	175,875	198,229	170,258
Gross rents receivable	<u>3,402,116</u>	<u>742,589</u>	<u>4,144,705</u>	<u>4,077,466</u>
Less rent losses from voids	(27,102)	(7,859)	(34,961)	(32,928)
Net rents receivable	<u>3,375,014</u>	<u>734,730</u>	<u>4,109,744</u>	<u>4,044,538</u>
Amortisation of Social Housing & Other Grants	245,224	-	245,224	245,224
Revenue grants from local authorities and other agencies	56,510	-	56,510	27,740
Other Revenue grants	-	-	-	-
Total income from social letting	<u><u>3,676,748</u></u>	<u><u>734,730</u></u>	<u><u>4,411,478</u></u>	<u><u>4,317,502</u></u>
Expenditure on social letting activities				
Management and maintenance administration costs	878,779	138,298	1,017,077	1,024,842
Service costs	13,632	107,252	120,884	153,479
Planned and cyclical maintenance including major repairs	904,061	151,591	1,055,652	222,346
Reactive maintenance	337,430	56,580	394,010	489,388
Bad debts - rents and service charges	3,145	527	3,672	9,514
Depreciation of social housing	802,929	134,634	937,563	920,444
Housing costs	122,114	20,267	142,381	147,613
Operating costs of social letting	<u><u>3,062,090</u></u>	<u><u>609,149</u></u>	<u><u>3,671,239</u></u>	<u><u>2,967,626</u></u>
Operating surplus on social letting activities	<u><u>614,658</u></u>	<u><u>125,581</u></u>	<u><u>740,239</u></u>	<u><u>1,349,876</u></u>
2017	<u><u>1,178,404</u></u>	<u><u>171,472</u></u>	<u><u>1,349,876</u></u>	

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Other Revenue grants	Supporting People Income	Other income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus/ (Deficit) 2018	Operating Surplus/ (Deficit) 2017
	£	£	£	£	£	£	£	£
Factoring	-	-	523,448	523,448	19,625	526,017	(22,194)	(26,703)
Support activities	-	48,144	114,009	162,153		161,707	446	15,823
Other agency management services	-	-	33,374	33,374	-	16,812	16,562	21,542
Care and Repair	23,917	-	364,448	388,365	-	359,595	28,770	80,046
TOTAL FROM OTHER ACTIVITIES	<u>23,917</u>	<u>48,144</u>	<u>1,035,279</u>	<u>1,107,340</u>	<u>19,625</u>	<u>1,064,131</u>	<u>23,584</u>	<u>90,708</u>
2017	<u>41,000</u>	<u>56,741</u>	<u>1,072,548</u>	<u>1,170,289</u>	<u>9,603</u>	<u>1,069,978</u>	<u>90,708</u>	

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The officers are defined as the members of the Management Committee, the executive officers and employees of the Association reporting directly to the Chief Executive or the Management Committee

	2018	2017
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	<u>72,518</u>	<u>66,244</u>
Emoluments payable to the Chief Executive (excluding pension contributions)	<u>72,518</u>	<u>66,244</u>
Pension contributions paid on behalf of the Chief Executive	<u>9,064</u>	<u>8,111</u>
	<u><u> </u></u>	<u><u> </u></u>
	Number	Number
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£60,001 - £70,000	1	1

Payments made to Board members during the year for reimbursement of expenses totalled £805 (2017: £634).

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

6. EMPLOYEE INFORMATION

	2018 Number	2017 Number
The average number of full time equivalent persons employed during the year was	<u>32</u>	<u>32</u>
	2018	2017
	£	£
Staff costs during the year:		
Wages and salaries	898,019	912,156
Social security costs	88,066	85,594
Other pension costs	151,948	157,856
Employer past service pension deficit costs	166,916	161,340
	<u>1,304,949</u>	<u>1,316,946</u>

7. GAIN ON SALE OF HOUSING STOCK

	2018 £	2017 £
Sales proceeds	131,600	124,000
Cost of sales	17,491	18,056
	<u>114,109</u>	<u>105,944</u>
Gain on sale		

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £	2017 £
On bank loans and overdrafts	<u>413,537</u>	<u>449,515</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. OPERATING SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	939,390	928,911
Auditors' remuneration - audit services	9,500	7,745
Operating lease rentals - land and buildings	51,721	54,802
- other	10,863	18,835
Gain on sale of fixed assets	112,861	105,944
Amortisation of capital grants	<u>245,224</u>	<u>245,224</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE CHARGES

	2018	2017
	£	£
Unwinding of discounted liabilities	<u>8,000</u>	<u>37,000</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. NON-CURRENT ASSETS

a) Housing properties

**Housing
properties
held for
letting**
£

COST

At start of year	35,486,813
Additions	765,039
Disposals	(528,673)
At end of year	<u>35,723,179</u>

DEPRECIATION

At start of year	9,059,749
Charged during year	937,563
Eliminated on disposal	(511,182)
At end of year	<u>9,486,130</u>

NET BOOK VALUE

At end of year	<u>26,237,049</u>
At start of year	<u>26,427,064</u>

Components replaced in the year and capitalised totalled £765,039 (2017 - £345,564).

All housing property is heritable.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

b) Other Tangible Assets

	Leasehold Improvements	Furniture, Fittings and Equipment	Total
	£	£	£
COST			
At start of year	98,255	176,721	274,976
At end of year	98,255	176,721	274,976
DEPRECIATION			
At start of year	98,255	173,494	271,749
Charged during year	-	1,827	1,827
At end of year	98,255	175,321	273,576
NET BOOK VALUE			
At end of year	-	1,400	1,400
At start of year	-	3,227	3,227

13. COMMITMENTS UNDER OPERATING LEASES

	2018	2017
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	55,964	71,727
Later than one year and not later than five years	28,223	22,346
	<u>84,187</u>	<u>94,073</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2018****14. DEBTORS**

	2018	2017
	£	£
Arrears of Rent & Service Charges	137,688	154,466
Less: Provision for Doubtful Debts	(27,202)	(35,764)
	<u>110,486</u>	<u>118,702</u>
Other Debtors	273,558	189,335
Prepayments and accrued income	1,212,642	601,886
	<u>1,596,686</u>	<u>909,923</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	744,871	710,932
Concessionary Loans	72,895	-
Trade Payables	195,815	236,709
Rent in Advance	68,811	70,391
Other Taxation and Social Security	51,364	51,098
Other Payables	88,121	74,012
Liability for Past Service Contribution Arrangements	167,000	167,000
Accruals and Deferred Income	655,258	427,166
	<u>2,044,135</u>	<u>1,737,308</u>

Outstanding pension contributions at the year-end were £15,353 (2017: £14,606).

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Housing Loans	7,702,426	8,448,080
Concessionary Loans	656,218	-
Liability for Past Service Contribution Arrangements	495,000	655,000
	<u>8,853,644</u>	<u>9,103,080</u>

The Association has a number of long term housing loans, the terms and conditions of which are as follows:

Loans are secured by specific charges on the Association's properties. All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans. Interest is payable at a fixed rate of 6.78% and a variable rate of 0.77% which produce a weighted average of 4.79%.

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

The Bank loans are repayable as follows:

	2018	2017
	£	£
Between one and two years	779,875	743,377
Between two and five years	2,574,543	2,451,520
In five years or more	4,348,008	5,253,183
	<u>7,702,426</u>	<u>8,448,080</u>

The concessionary loans are repayable as follows:

	2018	2017
	£	£
Between one and two years	87,470	-
Between two and five years	262,411	-
In five years or more	306,337	-
	<u>656,218</u>	<u>-</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2018	2018	2017
	£	£
Operating Surplus	763,823	1,440,584
Depreciation	939,390	928,911
Amortisation of Capital Grants	(245,224)	(245,224)
Change in debtors	(686,763)	191,677
Change in creditors	199,993	(307,259)
Unwinding of Discount on Pension Liability	(8,000)	(37,000)
Movement in Pension Liability	(160,000)	(112,000)
Cancelled Shares	(27)	(108)
Balance as at 31 March 2018	<u>803,192</u>	<u>1,859,581</u>

18. DEFERRED INCOME

	2018	2017
	£	£
Social Housing Grants		
Balance as at 1 April 2017	10,784,012	10,957,842
Additions in year	-	71,394
Amortisation in Year	(245,224)	(245,224)
Balance as at 31 March 2018	<u>10,538,788</u>	<u>10,784,012</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	245,224	215,680
Amounts due in one year or more	<u>10,293,564</u>	<u>10,568,332</u>
	<u>10,538,788</u>	<u>10,784,012</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

19. SHARE CAPITAL

	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2017	59	155
Issued in year	39	12
Cancelled in year	(27)	(108)
At 31 March 2018	<u>71</u>	<u>59</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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.

20. HOUSING STOCK

at the year end was:-	Number	Number
General Needs	701	704
Supported Housing	150	150
Managed Properties	7	7
	<u>858</u>	<u>861</u>

21. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Board are summarised as:

- Members are tenants of the Association
- Members are factored owners
- Board members cannot use their position to their advantage. 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 were as follows:

- Rent Received from tenants on the Board – £28,697 (2017: £28,194)
- Factoring income received from owner occupiers on the Board - £433 (2017: £611)
- At the year-end total rent arrears owed by the tenant members of the Board were – £Nil (2017: Nil)
- At the year-end total arrears owed by owner occupiers of the Board were - £Nil (2017: Nil)

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within 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 in Erskine.

23. RETIREMENT BENEFIT OBLIGATIONS

The Association participates in the Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The Scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme. Therefore it accounts for the Scheme as a defined contribution scheme.

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 pension schemes in the UK.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

Unless a concession has been agreed with the Trustee the term to 28 February 2022 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Where the Scheme is in deficit and where the Association has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of opening and closing provisions

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	822	1,706
Unwinding of the discount factor (interest expense)	8	37
Deficit contribution paid	(162)	(144)
Remeasurements - impact of any change in assumptions	(6)	24
Remeasurements - amendments to the contribution schedule	-	(801)
Provision at end of period	662	822

The Association made payments totalling £318,864 (2017: £319,196) to the pension scheme during the year. This is inclusive of deficit payments of £166,916 (2017 - £161,340). Contributions totalling £15,353 (2017 - £14,606) were payable to the fund at the balance sheet date and are included in creditors.

As a result of the 2015 Actuarial Valuation the liability for the Pension deficit was recalculated resulting in a significant reduction to the pension deficit liability in the previous year of £772,000. There is no similar adjustment this year.

24. CONTINGENT LIABILITIES

The pension withdrawal debt as at 31 March 2018 for Bridgewater Housing Association for the scheme is £5,821,902 (2017 - £7,478,495).