

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
THE BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019

MEMBERS OF THE BOARD

BOARD

Alastair Morris (Chairperson)
Hugh Cameron (Chairperson) – Resigned 30 November 2018
John Paterson (Vice Chairperson)
Heather Stirling (Secretary)
Angela Westrop
William Robertson
Frank Bradley
Robert McNally
Aileen Naismith
Jim Sheridan
Ken McIntosh
Denise Love – Co-opted 28 November 2018
Suzanne Austin – Co-opted 27 March 2019
Steve Webster – Co-opted 27 March 2019
Craig McGarry – Co-opted 27 March 2019

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
Kirkstane House
3rd Floor, 139 St. Vincent Street
Glasgow, G2 5JF

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

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

SOLICITORS

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT FROM THE BOARD

FOR THE YEAR ENDED 31 MARCH 2019

The Board presents its report and the audited Financial Statements for the year ended 31 March 2019.

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.
- Acting as the Managing Agent for Renfrewshire, East Renfrewshire and Inverclyde 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 three year Business Plan early in 2016, following comprehensive work to review the vision, mission and objectives of the Association and to determine its future direction. The Board took some strategic time during 2019 to look again at its business plan and the future. The Board reviewed its mission, vision, values and objectives and importantly also considered the future in terms of other options which might be available to the Association. The Board concluded that the circumstances were such that the Association was strong both financially and in terms of the services it delivered to tenants and other customers. It was confident in the Association continuing to be financially stable in to the future, providing what tenants and other customers want from it and at a cost which was viewed as providing value for money. The Board tested this conclusion with its members, asking them the same question about the future and about their preference for alternatives to the status quo. Overwhelmingly members agreed with the conclusions of the Board, that the Association should remain an independent organisation but build on its already mature partnerships with other Associations. The Association's Board will approve a new Business Plan in 2019 and this will take account of the Scottish Housing Regulator's Recommended Practice for Business Planning and the new revised Regulatory Standards of Governance and Financial Management.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

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 most.

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. Manage and maintain high quality, affordable homes and services
2. Deliver a quality value for money customer experience in partnership with customers
3. Protect and enhance the value of the environment.
4. Invest in our staff and our Board
5. Exploit collaborative opportunities for improvement and growth

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 successfully met its SHQS obligations other than abeyances and deferments. There are still a small number of these which the Association will deal with as and when the opportunities arise. However, it should be noted that complying with the SHQS Standard is an ongoing commitment for the Association and it did not end with the Scottish Governments deadline in 2015.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT FROM THE BOARD

FOR THE YEAR ENDED 31 MARCH 2019

EESSH

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 (EESSH) by 2020. In this respect the Association secured an interest free loan (from the Scottish Government and administered by the Energy Savings Trust) which allowed us to carry out major insulation works. The Association is over 80% compliant and is confident that it will be 100% compliant by December 2020. Nevertheless this is a challenging commitment, particularly given the fact that the Scottish Government changed the criteria which would have allowed the Association to access additional interest free loan finance and which means that this is no longer available to it. The current financial plan has allowed for the necessary expenditure.

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. During the first half of the year we reported poor performance in relation to repairs. This was thought to be the result of "teething problems" with a new contractor, following a competitive tendering process. However, problems continued and eventually the Association and the contractor parted company. The Association re-procured the contract and was able to report much improved performance during the second half of the year. For the second year in a row our arrears levels decreased, 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. The Annual Report on the Charter features more detailed information on many aspects of our Customer Service.

Policy Review and Development

The Association has an annual 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 guidance on the 2014 Housing (Scotland) Act which was issued in 2019. This has affected our review of our Allocations Policy, our Arrears Policy and our Anti-Social Behaviour Policy. Nevertheless, the Association was able to introduce a new Allocations Policy in conjunction with Renfrewshire Council and other local Housing Associations in 2019.

Risk Management

One of the biggest single risks to the Association is the UK Government's social security reform agenda. 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 began to increase in 2018 when Renfrewshire was subject to the "live service" and will impact significantly in 2019. The Association is preparing for this new change and has commissioned an internal audit of its procedures and mitigation strategy in relation to welfare reform. This will report during 2019/20. As an initial action however the Association has "mainstreamed" its Welfare Rights Service which it had previously outsourced in order to improve access to this service by 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. Key risk areas will be subject to a rolling programme of internal audit.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT FROM THE BOARD

FOR THE YEAR ENDED 31 MARCH 2019

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 contract was extended, subsequently retendered and again awarded to the Association and will run until October 2021. Additionally the Board agreed to submit a tender for the Inverclyde Care and Repair service and the Association won a three year tender from Inverclyde Council. This resulted in a number of staff transferring to the Association, under TUPE from Cloch Housing Association.

Governance Review

In 2018 the Association completed a comprehensive review of its governance documentation and produced a full Framework of Governance document aimed at supporting Board Members. During 2018/19 the Board commissioned an independent audit of its governance arrangements and considered a report which made recommendations for a number of minor changes. The Association's internal auditor will review how these changes have been implemented during 2019/20.

Commitments for the future

New Build

The Association will continue to be speculative and opportunistic in relation to new housing development. There are no immediate plans for new build but the Association is currently discussing plans for sheltered housing with the local authority and the Scottish Government 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. This followed an extensive consideration by staff of possible alternative arrangements, none of which were deemed to be feasible.

Financial Planning

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

Emerging Issues

There are a number of emerging issues which the Association will deal with during 2019/20. These include;

- Approval of a new three year business plan
- Submission of the first Annual Compliance Statement to the Scottish Housing Regulator
- Preparation for and implementation of the Freedom of Information Act
- The Government's review of the Factoring Act and any consequential changes to our Factoring Service
- Consideration of the post of Head of Housing and Customer Service which is currently filled on a temporary basis
- Decisions relating to office accommodation

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

BRIDGEWATER HOUSING ASSOCIATION LIMITED

- Decisions relating to the re-provisioning of the sheltered accommodation.
- Implementation of new Fire Safety Regulations and the widespread installation of smoke alarms in our properties
- The start of an extensive investment programme, including the re-roofing of a large number of properties

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.

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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

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'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 structures 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
- 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 receive 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; and

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. 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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

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 Heather Stirling.

Heather Stirling, Secretary

Date: 14/08/2019

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 2019**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 and 7 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.

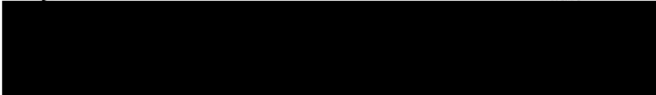
Basis of Opinion

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 page 6 and 7 has provided the disclosures required by the relevant Regulatory Standards with 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.



French Duncan LLP

Chartered Accountants
Statutory Auditors

GLASGOW

Date: 21/08/2019

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

OPINION

We have audited the Financial Statements of Bridgewater Housing Association Limited for the year ended 31 March 2019 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 2019 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 FOR 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 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.

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

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-operation 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 6, 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 either intends 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 Acts 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:

- 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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

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.
- 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: 21/08/2019

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|--------------------|--------------------|
| REVENUE | 2 | 5,609,619 | 5,518,818 |
| Operating costs | 2 | <u>(4,737,805)</u> | <u>(4,754,995)</u> |
| OPERATING SURPLUS | 9 | 871,814 | 763,823 |
| Gain on sale of housing stock | 7 | - | 114,109 |
| Interest receivable and other similar income | | 20,253 | 9,348 |
| Interest payable and other similar charges | 8 | (134,717) | (413,537) |
| Other Finance Charges | 11 | <u>-</u> | <u>(8,000)</u> |
| | | <u>(114,464)</u> | <u>(298,080)</u> |
| SURPLUS FOR THE YEAR | | 757,350 | 465,743 |
| OTHER COMPREHENSIVE INCOME | | | |
| Initial recognition of multi-employer defined benefit scheme | 23 | (408,000) | - |
| Actuarial losses in respect of pension scheme | 23 | (405,000) | - |
| TOTAL COMPREHENSIVE INCOME | | <u>(55,650)</u> | <u>465,743</u> |

The results for the year relate wholly to continuing activities.

The notes on page 17 to 36 form part of these Financial Statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|---------------------|---------------------|
| NON-CURRENT ASSETS | | | |
| Housing properties - depreciated cost | 12(a) | 25,795,256 | 26,237,049 |
| Other tangible fixed assets | 12(b) | <u>769</u> | <u>1,400</u> |
| | | 25,796,025 | 26,238,449 |
| CURRENT ASSETS | | | |
| Debtors | 14 | 1,030,590 | 1,596,686 |
| Cash at bank and in hand | | <u>4,934,564</u> | <u>4,364,391</u> |
| | | 5,965,154 | 5,961,077 |
| CREDITORS: amounts falling due within one year | 15 | <u>(1,722,411)</u> | <u>(2,044,135)</u> |
| NET CURRENT ASSETS | | <u>4,242,743</u> | <u>3,916,942</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 30,038,768 | 30,155,391 |
| CREDITORS: amounts falling due after more than one year | | | |
| housing property loans | 16 | (7,634,893) | (8,358,644) |
| PROVISIONS FOR LIABILITIES | | | |
| Pension - deficit funding liability | | - | (495,000) |
| Pension - defined benefit liability | 23 | <u>(1,403,000)</u> | <u>-</u> |
| | | (9,037,893) | (8,853,644) |
| DEFERRED INCOME | | | |
| Social Housing Grants | 18 | <u>(10,293,564)</u> | <u>(10,538,788)</u> |
| | | <u>10,707,311</u> | <u>10,762,959</u> |
| EQUITY | | | |
| Share capital | 19 | 73 | 71 |
| Revenue reserve | | <u>10,707,238</u> | <u>10,762,888</u> |
| | | <u>10,707,311</u> | <u>10,762,959</u> |

The Financial Statements were approved by the Board, authorised for issue, and signed on its behalf on 14/08/2019

Alastair Morris
Chairperson

John Paterson
Vice Chairperson

Heather Stirling
Secretary

The notes on page 17 to 36 form part of these Financial Statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

| | Notes | 2019 £ | 2018 £ |
|---|-----------|-------------------------|-------------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 17 | <u>1,831,480</u> | <u>803,192</u> |
| INVESTING ACTIVITIES | | | |
| Acquisition and construction of housing properties | (505,131) | (765,039) | |
| Proceeds of disposals of housing properties | - | 131,600 | |
| NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES | | <u>(505,131)</u> | <u>(633,439)</u> |
| NET CASH INFLOW BEFORE FINANCING | | 1,326,349 | 169,753 |
| FINANCING ACTIVITIES | | | |
| Loan advance received | - | 729,114 | |
| Issue of ordinary share capital | 6 | 39 | |
| Interest received | 20,253 | 9,348 | |
| Interest paid | (107,717) | (413,537) | |
| Loan principal repayments | (668,718) | (711,716) | |
| NET CASH (OUTFLOW) FROM FINANCING | | <u>(756,176)</u> | <u>(386,752)</u> |
| INCREASE(DECREASE) IN CASH | | 570,173 | (216,999) |
| OPENING CASH AND CASH EQUIVALENTS | | <u>4,364,391</u> | <u>4,581,390</u> |
| CLOSING CASH AND CASH EQUIVALENTS | | <u><u>4,934,564</u></u> | <u><u>4,364,391</u></u> |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

| | Share Capital | Revenue Reserve | Total |
|-----------------------------|--------------------------|----------------------------|-------------------|
| | £ | £ | £ |
| Balance as at 1 April 2018 | 71 | 10,762,888 | 10,762,959 |
| Issue of Shares | 6 | - | 6 |
| Cancelled shares | (4) | - | (4) |
| Surplus for Year | - | 757,350 | 757,350 |
| Other comprehensive income | - | (813,000) | (813,000) |
| Balance as at 31 March 2019 | <u>73</u> | <u>10,707,238</u> | <u>10,707,311</u> |

| | 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> |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

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).

Following the introduction of FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans), the Association now accounts for the SHAPS pension scheme on a defined benefit basis. Further details are given in the retirement benefits policy 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 the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Historically the scheme was accounted for as a defined contribution scheme as there was insufficient information for each social landlord's share of SHAPS to allow for defined benefit accounting. The liability previously recognised for the present value of the social landlord's deficit funding agreement has been derecognised. The difference between the deficit funding agreement liability social landlords historically recognised for SHAPS, and the net DB deficit for SHAPS, has been recognised in other comprehensive income (OCI). This accounting policy change has been accounted for in accordance with FRED 71: Draft Amendments to FRS 102: Multi-employer defined benefit plans as a matter of best practice. FRED 71 is an exposure draft and has not yet been implemented into financial reporting standards.

Further details of the scheme and its assumptions are included at note 23.

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% |
| Fixtures and fittings | 15% |
| Computer equipment | 33.3% |
| Motor vehicles | 25% |

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

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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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.

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 or 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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

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.

c) Pension liability

In May 2019 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in these accounts. The Board consider this is the best estimate of their scheme liability.

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
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

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

| | | 2019 | | | 2018 | | |
|---------------------------|------|------------------|--------------------|-------------------|------------------|--------------------|-------------------|
| | | Revenue | Operating Costs | Operating surplus | Revenue | Operating Costs | Operating surplus |
| | Note | £ | £ | £ | £ | £ | £ |
| Social letting activities | 3 | 4,445,605 | (3,633,920) | 811,685 | 4,411,478 | (3,671,239) | 740,239 |
| Other activities | 4 | 1,164,014 | (1,103,885) | 60,129 | 1,107,340 | (1,083,756) | 23,584 |
| Total | | 5,609,619 | (4,737,805) | 871,814 | 5,518,818 | (4,754,995) | 763,823 |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

| | General Needs Housing £ | Supported Housing £ | 2019 Total £ | 2018 Total £ |
|--|--|------------------------------------|-------------------------|-------------------------|
| Revenue from lettings | | | | |
| Rent receivable net of identifiable service charges | 3,434,553 | 575,901 | 4,010,454 | 3,946,476 |
| Service charges receivable | 22,588 | 177,921 | 200,509 | 198,229 |
| Gross rents receivable | 3,457,141 | 753,822 | 4,210,963 | 4,144,705 |
| Less rent losses from voids | (28,976) | (7,859) | (36,835) | (34,961) |
| Net rents receivable | 3,428,165 | 745,963 | 4,174,128 | 4,109,744 |
| Amortisation of Social Housing & Other Grants | 245,224 | - | 245,224 | 245,224 |
| Revenue grants from local authorities and other agencies | 26,253 | - | 26,253 | 56,510 |
| Total income from social letting | 3,699,642 | 745,963 | 4,445,605 | 4,411,478 |
| Expenditure on social letting activities | | | | |
| Management and maintenance administration costs | 944,440 | 158,362 | 1,102,802 | 1,017,077 |
| Service costs | 20,206 | 159,160 | 179,366 | 120,884 |
| Planned and cyclical maintenance including major repairs | 703,941 | 118,036 | 821,977 | 1,055,652 |
| Reactive maintenance | 378,300 | 63,433 | 441,733 | 394,010 |
| Bad debts - rents and service charges | 9,419 | 1,579 | 10,998 | 3,672 |
| Depreciation of social housing | 810,946 | 135,978 | 946,924 | 937,563 |
| Housing costs | 111,614 | 18,506 | 130,120 | 142,381 |
| Operating costs of social letting | 2,978,866 | 655,054 | 3,633,920 | 3,671,239 |
| Operating surplus on social letting activities | 720,776 | 90,909 | 811,685 | 740,239 |
| 2018 | 614,658 | 125,581 | 740,239 | |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

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) 2019 £ | Operating surplus/ (deficit) 2018 £ |
|---|---------------------------------|-------------------------------------|----------------------|------------------------|--------------------------------------|-------------------------------|---|---|
| Factoring | - | - | 593,664 | 593,664 | (3,939) | (596,017) | (6,292) | (22,194) |
| Support activities | - | 52,442 | 115,853 | 168,295 | - | (155,244) | 13,051 | 446 |
| Other agency management services | - | - | 34,073 | 34,073 | - | (17,731) | 16,342 | 16,562 |
| Care and Repair | - | - | 367,982 | 367,982 | - | (330,954) | 37,028 | 28,770 |
| TOTAL FROM OTHER ACTIVITIES | - | 52,442 | 1,111,572 | 1,164,014 | (3,939) | (1,099,946) | 60,129 | 23,584 |
| TOTAL FROM OTHER ACTIVITIES FOR 2018 | 23,917 | 48,144 | 1,035,279 | 1,107,340 | (19,625) | (1,064,131) | 23,584 | |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

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

| | 2019 | 2018 |
|---|---------------|---------------|
| | £ | £ |
| Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions) | 75,166 | 72,518 |
| Emoluments payable to the Chief Executive (excluding pension contributions) | 75,166 | 72,518 |
| Pension contributions paid on behalf of the Chief Executive | 9,471 | 9,064 |
| | <hr/> | <hr/> |
| | 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: | | |
| £70,001 - £80,000 | <hr/> 1 | <hr/> 1 |

Payments made to Board members during the year for reimbursement of expenses totalled £2,387 (2018 - £805).

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEE INFORMATION

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Staff costs during the year: | | |
| Wages and salaries | 965,598 | 898,019 |
| Social security costs | 94,787 | 88,066 |
| Other pension costs | 167,700 | 151,948 |
| Employer past service pension deficit costs | 171,769 | 166,916 |
| | <u>1,399,854</u> | <u>1,304,949</u> |

| | Number | Number |
|---|---------------|---------------|
| The average number of full time equivalent persons employed during the year was | <u>33</u> | <u>32</u> |

7. GAIN ON SALE OF HOUSING STOCK

| | 2019 | 2018 |
|----------------|-------------|----------------|
| | £ | £ |
| Sales proceeds | - | 131,600 |
| Cost of sales | - | 17,491 |
| Gain on sale | <u>-</u> | <u>114,109</u> |

8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2019 | 2018 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 107,717 | 413,537 |
| Defined benefit pension charge | 27,000 | - |
| | <u>134,717</u> | <u>413,537</u> |

9. OPERATING SURPLUS FOR THE YEAR

| | 2019 | 2018 |
|--|----------------|----------------|
| | £ | £ |
| Surplus is stated after charging: | | |
| Depreciation of tangible owned fixed assets | 947,555 | 939,390 |
| Auditors' remuneration - audit services | 9,500 | 9,500 |
| Operating lease rentals - land and buildings | 51,977 | 51,721 |
| other | 4,244 | 4,244 |
| Gain on sale of fixed assets | - | 112,861 |
| Amortisation of capital grants | <u>245,224</u> | <u>245,224</u> |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

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 INCOME/CHARGES

| | 2019 £ | 2018 £ |
|-------------------------------------|-----------|--------------|
| Unwinding of discounted liabilities | <u>-</u> | <u>8,000</u> |

12. NON-CURRENT ASSETS

a) Housing Properties

| | Housing Properties Held for Letting £ | Total £ |
|------------------------|---|-------------------|
| COST | | |
| At start of year | 35,723,179 | 35,723,179 |
| Additions | 505,131 | 505,131 |
| Disposals | (350,522) | (350,522) |
| At end of year | <u>35,877,788</u> | <u>35,877,788</u> |
| DEPRECIATION | | |
| At start of year | 9,486,130 | 9,486,130 |
| Charged during year | 946,924 | 946,924 |
| Eliminated on disposal | (350,522) | (350,522) |
| At end of year | <u>10,082,532</u> | <u>10,082,532</u> |
| NET BOOK VALUE | | |
| At end of year | <u>25,795,256</u> | <u>25,795,256</u> |
| At start of year | <u>26,237,049</u> | <u>26,237,049</u> |

Components replaced in the year and capitalised totalled £505,131 (2018 - £765,039).

All housing property is heritable.

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets

| | Leasehold Improvements | Furniture & Fittings | Total |
|-----------------------|-----------------------------------|-------------------------------------|----------------|
| | £ | £ | £ |
| COST | | | |
| At start of year | 98,255 | 176,721 | 274,976 |
| Additions | - | - | - |
| Disposals | - | (22,000) | (22,000) |
| At end of year | <u>98,255</u> | <u>154,721</u> | <u>252,976</u> |
| DEPRECIATION | | | |
| At start of year | 98,255 | 175,321 | 273,576 |
| Charged during year | - | 631 | 631 |
| Disposals | - | (22,000) | (22,000) |
| At end of year | <u>98,255</u> | <u>153,952</u> | <u>252,207</u> |
| NET BOOK VALUE | | | |
| At end of year | <u>-</u> | <u>769</u> | <u>769</u> |
| At start of year | <u>-</u> | <u>1,400</u> | <u>1,400</u> |

13. COMMITMENTS UNDER OPERATING LEASES

| | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows: | | |
| Not later than one year | 25,359 | 55,964 |
| Later than one year and not later than five years | <u>2,864</u> | <u>28,223</u> |
| | <u>28,223</u> | <u>84,187</u> |

14. DEBTORS

| | 2019 | 2018 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Arrears of Rent & Service Charges | 162,277 | 137,688 |
| Less: Provision for Doubtful Debts | <u>(33,874)</u> | <u>(27,202)</u> |
| | <u>128,403</u> | <u>110,486</u> |
| Other Debtors | 278,690 | 273,558 |
| Prepayments and accrued income | <u>623,497</u> | <u>1,212,642</u> |
| | <u>1,030,590</u> | <u>1,596,686</u> |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 | 2018 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Housing Loans | 785,329 | 744,871 |
| Concessionary Loans | 87,470 | 72,895 |
| Trade Payables | 158,625 | 195,815 |
| Rent in Advance | 80,309 | 68,811 |
| Other Taxation and Social Security | 53,799 | 51,364 |
| Other Payables | 94,620 | 88,121 |
| Liability for Past Service Contribution Arrangements | - | 167,000 |
| Accruals and Deferred Income | 462,259 | 655,258 |
| | <u>1,722,411</u> | <u>2,044,135</u> |

Outstanding pension contributions at the year-end were £17,398 (2018: £15,353).

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2019 | 2018 |
|---------------------|-------------------------|-------------------------|
| | £ | £ |
| Concessionary loans | 712,342 | 656,218 |
| Housing loans | <u>6,922,551</u> | <u>7,702,426</u> |
| | <u>7,634,893</u> | <u>8,358,644</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 variable rates of 1.35%, 1.18% and 1.17% which produce a weighted average of 1.29%.

The Bank loans are repayable as follows:

| | 2019 | 2018 |
|----------------------------|-------------------------|-------------------------|
| | £ | £ |
| Between one and two years | 816,787 | 779,875 |
| Between two and five years | 2,704,491 | 2,574,543 |
| In five years or more | <u>3,401,273</u> | <u>4,348,008</u> |
| | <u>6,922,551</u> | <u>7,702,426</u> |

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

| | | |
|---|----------------|----------------|
| The concessionary loans are repayable as follows: | 2019 | 2018 |
| | £ | £ |
| Between one and two years | 87,470 | 87,470 |
| Between two and five years | 262,411 | 262,411 |
| In five years or more | 362,461 | 306,337 |
| | <u>712,342</u> | <u>656,218</u> |

17. STATEMENT OF CASH FLOWS

| | | |
|--|------------------|----------------|
| Reconciliation of operating surplus to balance as at 31 March 2019 | 2019 | 2018 |
| | £ | £ |
| Operating Surplus | 871,814 | 763,823 |
| Depreciation | 947,555 | 939,390 |
| Amortisation of Capital Grants | (245,224) | (245,224) |
| Change in debtors | 566,096 | (686,763) |
| Change in creditors | (209,757) | 199,993 |
| Unwinding of Discount on Pension Liability | - | (8,000) |
| Movement in Pension Liability | (99,000) | (160,000) |
| Cancelled Shares | (4) | (27) |
| | <u>1,831,480</u> | <u>803,192</u> |
| Balance as at 31 March 2019 | | |

18. DEFERRED INCOME

| | | |
|------------------------------|-------------------|-------------------|
| | 2019 | 2018 |
| | £ | £ |
| Social Housing Grants | | |
| Balance as at 1 April 2018 | 10,538,788 | 10,784,012 |
| Amortisation in Year | (245,224) | (245,224) |
| | <u>10,293,564</u> | <u>10,538,788</u> |
| Balance as at 31 March 2019 | | |

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

| | | |
|---------------------------------|-------------------|-------------------|
| Amounts due within one year | 245,224 | 245,224 |
| Amounts due in one year or more | 10,048,340 | 10,293,564 |
| | <u>10,293,564</u> | <u>10,538,788</u> |

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

19. RESERVES

| Share Capital | 2019 | 2018 |
|--|-----------|-----------|
| | £ | £ |
| Shares of £1 each Issued and Fully Paid | | |
| At 1 April 2018 | 71 | 59 |
| Issued in year | 6 | 39 |
| Cancelled in year | (4) | (27) |
| At 31 March 2019 | <u>73</u> | <u>71</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

| The number of units of accommodation in management at the year end was:- | 2019 | 2018 |
|--|------------|------------|
| | No. | No. |
| General Needs | 701 | 701 |
| Supported Housing | 150 | 150 |
| Managed Properties | 7 | 7 |
| | <u>858</u> | <u>858</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 – £32,964 (2018: £28,697).
- Factoring income received from Owner Occupiers on the Board - £635 (2018: £433).
- At the year-end total rent arrears owed by the Tenant members of the Board were – £234 (2018: £Nil).
- At the year-end total rent arrears owed by Owner Occupiers of the Board were - £Nil (2018: £Nil).

BRIDGEWATER HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

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 Scottish Housing Associations' 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 pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

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23. RETIREMENT BENEFIT OBLIGATIONS (continued)

Pension Scheme Liability movements:

| | 2019 | 2018 |
|---|----------------|----------------|
| | (£000s) | (£000s) |
| As at 1 April 2018 | 662 | 822 |
| De-recognition of deficit funding liability | (662) | |
| Recognition of defined benefit obligation | 1,070 | - |
| Current Service Cost | 233 | - |
| Net Interest expense | 27 | 8 |
| Expenses | 5 | - |
| Deficit Contributions Paid | (337) | (162) |
| Impact of change in assumptions | 405 | (6) |
| As at 31 March 2019 | <u>1,403</u> | <u>662</u> |

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,
FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

| | 31 March 2019 | 31 March 2018 |
|--|---------------|---------------|
| | (£000s) | (£000s) |
| Fair value of plan assets | 6,734 | 6,102 |
| Present value of defined benefit obligation | 8,137 | 7,172 |
| Surplus (deficit) in plan | (1,403) | (1,070) |
| Unrecognised surplus | - | - |
| Defined benefit asset (liability) to be recognised | (1,403) | (1,070) |
| Deferred tax | - | - |
| Net defined benefit asset (liability) to be recognised | <u>-</u> | <u>-</u> |

As a result of the pension remeasurement basis during the year the movement in the opening pension liability of £408,000 is shown separately in the Statement of Comprehensive Income.

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23. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

| | Period ended 31 March 2019 (£000s) |
|---|--|
| Impact of asset ceiling at start of period | - |
| Effect of the asset ceiling included in net interest cost | - |
| Actuarial losses (gains) on asset ceiling | - |
| Impact of asset ceiling at end of period | - |

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

| | Period ended 31 March 2019 (£000s) |
|--|--|
| Defined benefit obligation at start of period | 7,172 |
| Current service cost | 233 |
| Expenses | 5 |
| Interest expense | 188 |
| Contributions by plan participants | 27 |
| Actuarial losses (gains) due to scheme experience | 24 |
| Actuarial losses (gains) due to changes in demographic assumptions | 21 |
| Actuarial losses (gains) due to changes in financial assumptions | 556 |
| Benefits paid and expenses | (89) |
| Liabilities acquired in a business combination | - |
| Liabilities extinguished on settlements | - |
| Losses (gains) on curtailments | - |
| Losses (gains) due to benefit changes | - |
| Exchange rate changes | - |
| Defined benefit obligation at end of period | 8,137 |

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23. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

| | Period ended 31 March 2019 (£000s) |
|---|--|
| Fair value of plan assets at start of period | 6,102 |
| Interest income | 161 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 196 |
| Contributions by the employer | 337 |
| Contributions by plan participants | 27 |
| Benefits paid and expenses | (89) |
| Assets acquired in a business combination | - |
| Assets distributed on settlements | - |
| Exchange rate changes | - |
| Fair value of plan assets at end of period | 6,734 |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £357,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)

| | Period from 31 March 2018 to 31 March 2019 (£000s) |
|--|---|
| Current service cost | 233 |
| Expenses | 5 |
| Net interest expense | 27 |
| Losses (gains) on business combinations | - |
| Losses (gains) on settlements | - |
| Losses (gains) on curtailments | - |
| Losses (gains) due to benefit changes | - |
| Defined benefit costs recognised in statement of comprehensive income (SoCI) | 265 |

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

| | Period ended 31 March 2019 (£000s) |
|---|--|
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss) | 196 |
| Experience gains and losses arising on the plan liabilities - gain (loss) | (24) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | (21) |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss) | (556) |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) gain (loss) | (405) |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) gain (loss) | - |
| Total amount recognised in other comprehensive income - gain (loss) | (405) |

ASSETS

| | 31 March 2019 (£000s) | 31 March 2018 (£000s) |
|------------------------------|--------------------------|--------------------------|
| Global Equity | 1,083 | 1,098 |
| Absolute Return | 570 | 724 |
| Distressed Opportunities | 115 | 28 |
| Credit Relative Value | 117 | - |
| Alternative Risk Premia | 376 | 231 |
| Fund of Hedge Funds | 19 | 175 |
| Emerging Markets Debt | 216 | 209 |
| Risk Sharing | 195 | 56 |
| Insurance Linked Securities | 175 | 167 |
| Property | 134 | 241 |
| Infrastructure | 282 | 111 |
| Private Debt | 87 | 57 |
| Corporate Bond Fund | 472 | 426 |
| Long Lease Property | 82 | - |
| Secured Income | 235 | 223 |
| Over 15 Year Gilts | 173 | 197 |
| Index Linked All Stock Gilts | - | - |
| Liability Driven Investment | 2,396 | 2,148 |
| Net Current Assets | 7 | 11 |
| Total assets | 6,734 | 6,102 |

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

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23. RETIREMENT BENEFIT OBLIGATIONS (continued)

KEY ASSUMPTIONS

| | 31 March 2019 | 31 March 2018 |
|---|--------------------------|--------------------------|
| | % per annum | % per annum |
| Discount Rate | 2.33 | 2.59 |
| Inflation (RPI) | 3.28 | 3.16 |
| Inflation (CPI) | 2.28 | 2.16 |
| Salary Growth | 3.28 | 3.16 |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

| | Life expectancy at age 65 (Years) |
|-------------------------|-----------------------------------|
| Male retiring in 2019 | 21.7 |
| Female retiring in 2019 | 23.4 |
| Male retiring in 2039 | 23.1 |
| Female retiring in 2039 | 24.7 |