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BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

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BRIDGEWATER HOUSING ASSOCIATION LIMITED

CONTENTS

THE BOARD, EXECUTIVES AND ADVISERS 1

REPORT FROM THE BOARD 2

REPORT BY THE AUDITORS 12

INDEPENDENT AUDITORS REPORT 13

STATEMENT OF COMPREHENSIVE INCOME 18

STATEMENT OF FINANCIAL POSITION 19

STATEMENT OF CASH FLOWS 20

STATEMENT OF CHANGES IN CAPITAL AND RESERVES 21

NOTES TO THE FINANCIAL STATEMENTS 22

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
THE BOARD, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021

MEMBERS OF THE BOARD
Alastair Morris (Chairperson)
John Paterson (Vice Chairperson)
Heather Stirling (Secretary)
Angela Westrop
Frank Bradley
Robert McNally
Aileen Naismith
Jim Sheridan (resigned 26 October 2020)
Ken McIntosh
Denise Love
Suzanne Austin
Steve Webster
Craig McGarry

EXECUTIVE OFFICER
Ian McLean, Chief Executive

REGISTERED OFFICE
1st Floor
Bridgewater Shopping Centre
Erskine, PA8 7AA

AUDITOR
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

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT FROM THE BOARD
FOR THE YEAR ENDED 31 MARCH 2021

The Board presents its report and the audited Financial Statements for the year ended 31 March 2021.

Legal Status

The Association is registered with the Financial Conduct Authority (No. 2525RS), The Scottish Housing Regulator as a registered social landlord (No HAL301) and as a Registered Scottish Charity with the charity number SC035819. The Association is governed under its Rule Book.

Principal Activities

The principal activities of the Association are:

- The provision and management of housing for rent.
- The provision of services to owner-occupiers where the Association either factors property or has a relationship with an owner by virtue of the Association's previous role as Feu Superior.
- 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 Business

It would be impossible to review the Association's business without reference to the Covid-19 pandemic which surfaced shortly before the start of 2020/2021 and which is still ongoing at the end of the financial year and into 2021/2022. The most immediate effect of the pandemic was that the office was closed and all staff were required to work from home.

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

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Reactive Repairs and Maintenance

All of the Association's contractors were caught up in and subject to the various restrictions issued by the Scottish Government which meant that most, if not all, stopped providing a service to the Association, with gas servicing and emergency repairs being important exceptions.

The most notable challenge which arose from this was in relation to landscape maintenance, lockdown related gas boiler servicing access issues and a backlog of non-emergency reactive repairs. At the same time, the Association's reactive repairs contractor unilaterally decided to terminate their contract, resulting in the Association having to put in place emergency temporary measures, whilst a new contractor was procured.

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

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

Major Improvements/Planned Maintenance

The Association had a significant planned maintenance and major improvement programme pre-lock down. The 2020/21 programme was also affected by the pandemic and the "stop start" nature of the guidance from the Government. Following the relaxation of lockdown rules however:

- The smoke and heat detector upgrade contract resumed and is progressing on programme although no-access issues continue to be problematic. The Scottish Government has extended the deadline to meet the new FCMD safety standards to February 2022. Bridgewater is on-course to meet this deadline and the Scottish Government has confirmed that the 5-year loan facility will not be compromised by this extension.

- The 2020/21 car park and footpath resurfacing programme is now complete. The next phase of the project will commence in August or September 2021.

- Gas safety checks will continue as normal, though, as expected, in some instances accessing properties became challenging during periods of high infection rates and lockdowns. The relaxation of lockdown restrictions saw a return to the customary 100% compliance with our obligation to service all boilers within 1 year of their previous service.

- The Phase 1 pilot of the four-year roof replacement programme commenced in March 2021 and completed in May 2021. The second phase of 60 properties has been awarded to the contractor and will begin when the pilot project is complete. The contractor's workforce has provided method statements to ensure that appropriate social distancing measures are carried out.

In the financial year to 31 March 2021, maintenance spend totalled £918,000 of which around £262,000 was capitalised.

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Rent Arrears and Rent Collection

The Association's arrears have increased month on month since March 2020. It was originally thought that the position could worsen when the UK Government's Furlough Scheme ended in October 2020. The scheme was extended to March 2021 and although arrears continued to increase, these have not been by the significant amount that was predicted. However, at the end of the financial year rent arrears had increased by 35%. The Furlough Scheme has now been extended to September 2021. Indications are that if it is not extended further many people across the country will lose their employment and this may have an impact on our arrears position.

However, our arrears position is not only attributed to people losing income and moving to Universal Credit where there is an inbuilt arrear situation. It is also likely to be caused by people who can pay but won't. This is going to be a critical challenge for the Association going forward and we will require to develop a specific strategy to address this. Any tenants who require support are referred to our Welfare Rights Service.

A letter from the Chief Executive was sent to all tenants in early April 2021 detailing the support available to tenants struggling financially, together with the Covid-19 Survey Results Leaflet and a Supporting our Communities Leaflet. The Income, Rent Arrears and Debts Management Policy and the Coronavirus Rent Arrears Policy were considered and approved by the Scrutiny Sub Committee on 28 April 2021.

The Board considered and approved a rent freeze for 2021/22. In place of a detailed rent consultation, a survey was carried out to understand how tenants felt about the support the Association provided during Covid-19, the impact of the pandemic and the extent to which tenants are managing financially. The survey also obtained tenants views on the Board's decision not to increase rents, the proposed service charge increase and the Boards position that it wanted Bridgewater to remain a stand-alone organisation, rather than merging or becoming part of another Association. A total of 201 tenants were interviewed.

The key findings were:

- 83% of tenants were satisfied with the Association during the pandemic
- 88% of tenants felt they were kept informed of changes to service delivery
- 96% of tenants were satisfied with the decision not to increase rents

Anti-Social Behaviour

Scottish Government legislation prevented Associations taking court action against perpetrators of anti-social behaviour. Nevertheless, the team has been dealing with an increase in neighbour dispute cases which has been all the more challenging because of COVID. Although the Association does not have any "live" cases at court, the Government has now lifted the ban on evictions due to anti-social-behaviour.

Voids and Allocations

Pre lockdown there were 8 voids. During the period to the end March 2021 48 properties were allocated and let. Currently there are 29 voids, 14 of which are in two extra care developments and void loss for the year was three times higher than the previous year. The general restrictions imposed by the Government, coupled with specific restrictions imposed by Renfrewshire Council, meant that relatives were unable to clear properties. Following liaison with the Council and a completed Risk Assessment approved by Public Health Scotland, relatives were permitted access in December 2020. This allowed the Association to carry out necessary checks and void work, review waiting list applicants, develop a schedule for limited viewings and a controlled programme for new tenants moving in.

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A promotional campaign is being developed to generate demand. It should be noted that it is possible that the publicity surrounding care home deaths due to Covid-19 may affect people's views about Extra Care and it may become more of a challenge to allocate these properties in the future.

The void loss for the Extra Care properties is not inconsiderable. The Association took steps to have this matter raised with the Resilience Group and the Housing Minister and following discussions with the Council, they advised they would cover a percentage of lost rent using the same formula applied to Care Homes to compensate for under occupancy.

Estate Management

This has been a particularly challenging area for the Association since Housing Services staff are invariably not "out and about". When guidance permitted re-starting allocations, Housing Officers now follow up on inspections when in the area for accompanied viewings.

There has been no change to the majority of the communal close cleaning service. However, communal close cleaning in sheltered blocks is carried out by the Housing Support Assistant (HAS) and ceased at the initial lockdown with the HAS monitoring condition, touchpoints and spillages. Following the easing of restrictions, a Risk Assessment was completed with cleaning re-introduced.

Landscape Maintenance

As with our other contractors, our landscape maintenance contractor ceased operations at the start of lock down. Our contractor was able to return to site to provide grass cutting services in the larger open plan landscaped areas in May 2020. Following a concentrated effort, they managed to bring all the open landscaped grassed areas back up to standard by the end of July 2020.

In mid-August 2020 the contractor was able to recommence pruning shrub beds which had become particularly overgrown. This was completed prior to Renfrewshire going in to Tier Four where additional restrictions had to be observed. The relaxation of lockdown restrictions allowed virtually all landscape maintenance activities to resume at the beginning of the growing season. The play park at Barholm has now been reopened to the public.

Factoring

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

Bridgewater has maintained all of the landscaped areas, paths, car parks and retaining walls in defined management areas and where they were not adopted by the local authority. There are more than 80 acres (32 hectares) of green spaces, woodland and shrub beds, along with footpaths and fencing, car parks and associated common assets. Bridgewater is unique in relation to its open space maintenance responsibilities amongst comparable Associations.

The Association continued to provide a factoring service throughout lockdown and although our ability to deal with issues relating to landscape maintenance and common repairs was temporarily affected, we nevertheless continued to support owners, provide information and deal with solicitors when properties changed hands. Annual bills have been issued during the restrictions and we are not seeing any significant difference in terms of payment

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compared to pre Covid-19 years and factoring staff continue to reduce overall levels of debt despite the challenges created by working from home.

Welfare Benefits Service

The Association provided its Welfare Benefits Advice service during lock down and indeed has been able to secure funding to enhance the service from 3 to 5 days per week supported by RAMH financial literacy staff. Additional grant funding from the Scottish Government has allowed further resources being available for this vital service.

Care and Repair

Because of the nature of the Care and Repair Service, the main services were suspended during lockdown. Staff were not able to enter client's homes to carry out their usual roles, however the Small Repairs Workers did deliver food and medicine to vulnerable people throughout Renfrewshire and East Renfrewshire.

The Service was successful in obtaining a grant of £6,500 from The Wellbeing Fund to assist with ongoing van leasing and fuel costs and has recently obtained an additional amount of £25,000 which allows the Association to provide the Small Repairs Service in Inverclyde without charging membership fees or one off repair charges in 2021/2022.

When restrictions were eased, services resumed with new procedures utilising PPE and observing social restrictions. During Tier 4 and lockdown, Project Officers worked from home providing the adaptations service and Small Repairs Workers were carrying out only external and essential internal works in order to comply with Scottish Government guidance. Now that the areas covered by the Small Repairs Service have entered Tier 2, all usual work types have resumed, with staff observing social distancing and using PPE.

Supporting Our Communities during the Pandemic

The Association was awarded £27,000 from the Scottish Government's Supporting Communities Fund (SCF) to support the emergency response to COVID-19 within Erskine.

As a Community Anchor Organisation, Bridgewater has been working in partnership with Community Action Erskine (CAE) / EIB Unites by providing over half of the SCF funding to CAE to support its efforts providing and distributing emergency food parcels and other essential support to elderly/vulnerable people and families within our communities. Last year the project delivered:

- Care packages including food and other essential items
- Food to those in need and elderly/vulnerable residents, 2 - 3 days per week.
- Welfare calls to elderly/vulnerable residents
- An increased Welfare Rights and Financial Literacy Advice service
- Emergency mobile phone and power card top ups
- Reimbursement of volunteers' petrol costs

An additional £18,000 funding bid was also successful and enabled the project to:

- Address underestimated numbers of families/individuals being supported
- Provide financial and emotional support/welfare calls to vulnerable people
- Relocate to Bargarran Community Centre

The funding has also been used to provide face masks to Park Mains and Trinity High Schools.

More recently the Association was awarded a grant of £75,000 to further support the work of CAE, to enhance our own welfare rights services and develop the remit of Care & Repair services to assist customers with issues in relation to Covid-19. The funding included a provision of £6,000 to enable the Association to give a treat to a child/ children of 16 years and under.

Supporting Our Communities Digitally

Connecting Scotland is a Scottish Government funded programme set up in response to coronavirus. Its aim is to help people access online services and support. Renfrewshire Council awarded the Association 15 IPads and 5 Chromebooks to be distributed amongst tenants who met the eligibility criteria (together with 12 months free Wi-Fi and support). The Association also received 15 devices under the category of Families with Young children and a further 15 in the elderly vulnerable category.

Governance Issues

The impact of the pandemic and the consequential stay at home message and restrictions on gatherings had a significant impact on the governance of the Association in the early months, not least because Board members were not able to meet physically as a Board. However, this has not meant that the Board has been unable to exercise appropriate control, oversight and governance over the Association's strategy and direction of travel, or for that matter operational performance and audit.

The immediate impact of the restrictions was the suspension of all sub committees and the establishment of a COVID-19 Emergency Committee. It was envisaged that there may be many decisions which would have to be taken quickly where there was no delegated authority to staff. However, in practice, this Committee only met twice and the main Board has been able to exercise its normal governance through meeting digitally.

The Board agreed to reinstate Sub-Committees after the AGM but retain the COVID-19 Sub-Committee for emergency business. The Covid-19 Emergency Committee has not met however the Sub Committee programme has been reinstated with meetings taking place as normal, digitally.

Not only did the Association successfully conduct an AGM digitally but an SGM was also held for the membership to consider a proposal to change the Association's rules. Following approval by the members, the proposed new rules were approved by the FCA and through the Notifiable Event process the SHR was provided with a copy of the Board Report and the new Rules

The Association has been in contact with the Scottish Housing Regulator throughout the restrictions and has made a number of Notifiable Event (NE) notifications, which the Board has noted. The SHR was regularly informed of progress and provided with a number of update reports.

For its part the SHR has acknowledged that Housing Associations have faced unprecedented challenges since March 2020 as a result of the pandemic and that the sector has continued to deliver services in very difficult circumstances and worked hard to meet the needs of its communities.

At the beginning of the pandemic the SHR decided to refocus Regulatory engagement on the effect the pandemic was having on services provided by social landlords. Consequently, it extended a number of deadlines in relation to Regulatory Returns, including the Assurance Statement. The Association submitted all of its returns within the new timescales.

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Following the submission of its Assurance Statement for 2020, the Association has recently been notified by the SHR that it deems the Association to be "compliant" in terms of Governance and Financial Management and the Engagement Plan confirms this.

The Future and Recovery from the Pandemic

Practical considerations under pandemic conditions have trumped spending concerns. Health and safety for both staff and residents was and is being prioritised and technology rapidly adopted and adapted. Indeed, the freedom to adapt to new working practices has been embraced and relatively problem free. Overall the responsiveness of Bridgewater's Board and staff has been nothing short of amazing.

The timing of lockdown coincided with Bridgewater's intention to adopt a new Business Plan which was developed before the pandemic. Necessarily business objectives have had to be reprioritised and the publication of the Business Plan delayed. However, that did not stop financial plans from being reworked and the Business Plan will continue to be adapted until a more predictable 'new normal' is reached. No amount of business planning and financial stress testing will overcome the stored up practical challenges that are now emerging. Planned maintenance in particular has been hit hard but our investment programme has been changed and reprioritised to ensure that we meet our strategic objectives.

Asset management looks likely to become more expensive for the foreseeable future. Despite the emergence of approved vaccines, we may never go back completely to the way we operated before. Even as we enter the recovery phase, concerns about how to manage the growing backlog of repairs and improvements whilst still delivering value for money continue.

The hard costs of working from home, such as technology and PPE are readily quantifiable, as is arrears and voids performance. Less apparent are the "soft" costs; inefficiencies brought about by changing working practices with socially distancing an obvious example. Such changes have brought about new inefficiencies that require a more fundamental rethink about how repairs and maintenance activities are managed and delivered. The reality and financial impact of Brexit on costs, the supply of labour and the availability of materials will also have to be taken into account.

The priority is to take stock of the current situation and to promptly fill the gaps in our knowledge. A critical assessment needs to be made about how costs have changed so that these can be remodelled in the short and longer-term.

This would also be a good time to revisit some of the expedient decisions taken during lockdown, review working arrangements and reprioritise spending. Indeed, as the pandemic recedes, it will not be long before we discover what went right and what did not, in terms of our plans and spending decisions and we will require to refocus our efforts on a realistic, post-Covid-19 plan based on the latest information available.

The Scottish Housing Regulator has treated the pandemic as exceptional but it will shortly be taking a close interest in our Recovery Plan. Planning is important and necessary to our recovery but the successful implementation of that plan is the real challenge that lies ahead of us.

Notwithstanding the pandemic, the Association ended the year on a strong financial footing with cash reserves of over £6 million. An operating surplus of £1.1 million was generated and reserves were £13.1 million. Throughout the year the Association has met all covenants required by lenders and regulatory deadlines for financial submissions.

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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 judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- 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 - 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

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 disposal.

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It is the Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association assets;

- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;

- Forecasts and budgets are prepared which allow the Management Team and the Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;

- 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 cash flow 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

- 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.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2021. 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.

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Auditors

In line with good practice, the Association tendered for audit services during the year and a resolution to appoint auditors will be proposed to members at the Annual General Meeting.

By order of Board.

Signature

[redacted]

Heather Stirling, Secretary
Date: 11 August 2021

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 9 and 10 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 Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 9 and 10 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.

DocuSigned by:
French Duncan LLP
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French Duncan LLP

Chartered Accountants
Statutory Auditor

GLASGOW

Date: 19 August 2021

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

OPINION

We have audited the Financial Statements of Bridgewater Housing Association Limited for the year ended 31 March 2021 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves and related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 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 2019.

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

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

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

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

OTHER INFORMATION

The other information comprises the information contained in the Report From the Board, 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 knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such

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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 9, 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 has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 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.

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- 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.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

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

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with management and Board and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the Financial Statements or the operations of the Association , including the Co-operative and Community Benefits Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and Board members and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

- agreeing Financial Statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of management and Board members as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Board and other management and the inspection of regulatory and legal correspondence, if any.

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

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

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.

DocuSigned by:
French Duncan LLP
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French Duncan LLP
Chartered Accountants and Statutory Auditor
133 Finnieston Street
GLASGOW
G3 8HB

Date: 19 August 2021

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes		2021 £		2020 £
REVENUE	2		6,152,258		5,922,580
Operating costs	2		(4,948,304)		(4,681,145)
OPERATING SURPLUS	9		1,203,953		1,241,435
Interest receivable and other similar income		8,382		27,938	
Interest payable and other similar charges	7	(39,184)		(83,763)	
Other finance income/ (charges)	8	1,000		(32,000)	
			(29,802)		(87,825)
SURPLUS FOR THE YEAR			1,174,151		1,153,610
OTHER COMPREHENSIVE INCOME					
Actuarial (losses)/gains in respect of pension scheme	23		(1,058,000)		1,262,000
TOTAL COMPREHENSIVE INCOME			116,151		2,415,610

The results for the year relate wholly to continuing activities.

The notes on page 22 to 41 form part of these Financial Statements.

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes		2021 £		2020 £
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11 (a)		24,781,854		25,491,724
Other tangible fixed assets	11 (b)		13,235		22,093
			24,795,089		25,513,817
CURRENT ASSETS					
Debtors	13	1,213,533		1,070,253	
Cash at bank and in hand		6,065,533		5,603,438	
		7,279,066		6,673,691	
CREDITORS: amounts falling due within one year	14	(2,055,839)		(1,832,778)	
NET CURRENT ASSETS			5,223,227		4,840,913
TOTAL ASSETS LESS CURRENT LIABILITIES			30,018,316		30,354,730
CREDITORS: amounts falling due after more than one year housing property loans	15	(6,040,138)		(7,099,469)	
PROVISIONS FOR LIABILITIES					
Pension - defined benefit liability	23	(936,000)		(84,000)	
			(6,976,138)		(7,183,469)
DEFERRED INCOME					
Social Housing Grants	18		(9,803,116)		(10,048,340)
			13,239,062		13,122,921
EQUITY					
Share capital	19		63		73
Revenue reserve			13,238,999		13,122,848
			13,239,062		13,122,921

The Financial Statements were approved by the Board, authorised for issue, and signed on its behalf on 11 August 2021

[redacted]

Alastair Morris
Chairperson

[redacted]

John Paterson
Vice Chairperson

[redacted]

Heather Stirling
Secretary

The notes on page 22 to 41 form part of these Financial Statements

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes		2021 £		2020 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16		1,781,023		1,819,943
INVESTING ACTIVITIES					
Acquisition and construction of housing properties		(261,541)		(661,108)	
Other fixed assets additions		-		(30,377)	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES			(261,541)		(691,485)
NET CASH INFLOW BEFORE FINANCING			1,519,482		1,128,458
FINANCING ACTIVITIES					
Issue of ordinary share capital		-		7	
Interest received		8,382		27,938	
Interest paid		(39,184)		(83,763)	
Loan advance received		-		500,000	
Loan principal repayments		(1,026,585)		(903,766)	
NET CASH (OUTFLOW) FROM FINANCING			(1,057,387)		(459,584)
INCREASE IN CASH			462,095		668,874
OPENING CASH AND CASH EQUIVALENTS			5,603,438		4,934,564
CLOSING CASH AND CASH EQUIVALENTS			6,065,533		5,603,438

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BRIDGEWATER HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2020	73	13,122,848	13,122,921
Issue of Shares	-	-	-
Cancelled shares	(10)	-	(10)
Surplus for Year	-	1,174,151	1,174,151
Other comprehensive income	-	(1,058,000)	(1,058,000)
Balance as at 31 March 2021	63	13,238,999	13,239,062

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2019	73	10,707,238	10,707,311
Issue of Shares	7	-	7
Cancelled shares	(7)	-	(7)
Surplus for Year	-	1,153,610	1,153,610
Other comprehensive income	-	1,262,000	1,262,000
Balance as at 31 March 2020	73	13,122,848	13,122,921

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1. PRINCIPAL ACCOUNTING POLICIES

Legal status
The Association is registered with the Financial Conduct Authority (No. 2194 (s)), The Scottish Housing Regulator as a registered social landlord (No HAC 80) and as a Registered Scottish Charity with the charity number SC039234. The Association is governed under its Rule Book. The Association

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 2018 and comply with the requirements of the Determination of Housing Requirements 2019 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.

The Association has taken into account the Covid-19 outbreak in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis.

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.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

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

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1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation and impairment losses. 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 11. 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.

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.

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1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Social Housing Grants in respect of revenue expenditure are 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.

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, are 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. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

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.

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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 2021 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.

d) 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.

e) Concessionary Loan

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

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2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

		2021			2020		
	Note	Revenue £	Operating Costs £	Operating surplus £	Revenue £	Operating Costs £	Operating surplus £
Social letting activities	3	4,673,159	(3,615,873)	1,057,286	4,574,373	(3,405,078)	1,169,295
Other activities	4	1,479,098	(1,332,431)	146,667	1,348,207	(1,276,067)	72,140
Total		6,152,258	(4,948,304)	1,203,953	5,922,580	(4,681,145)	1,241,435

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3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	2021 Total £	2020 Total £
Revenue from lettings				
Rent receivable net of identifiable service charges	3,598,431	603,380	4,201,811	4,114,605
Service charges receivable	23,148	151,710	174,858	201,860
Gross rents receivable	3,621,579	755,090	4,376,669	4,316,465
Less rent losses from voids	(59,988)	(30,898)	(90,886)	(32,644)
Net rents receivable	3,561,591	724,192	4,285,783	4,283,821
Amortisation of Social Housing & Other Grants	245,224	-	245,224	245,224
Revenue grants from local authorities and other agencies	124,943	-	124,943	45,328
Job Retention Scheme Income	17,209	-	17,209	-
Total income from social letting	3,948,967	724,192	4,673,159	4,574,373
Expenditure on social letting activities				
Management and maintenance administration costs	917,640	150,983	1,068,623	1,152,012
Service costs	22,176	145,342	167,518	185,833
Planned and cyclical maintenance including major repairs	562,088	94,250	656,338	577,332
Reactive maintenance	423,191	70,960	494,151	434,888
Bad debts - rents and service charges	71,792	12,038	83,830	6,941
Depreciation of social housing	831,916	139,495	971,411	964,640
Housing costs	149,195	24,807	174,002	83,432
Operating costs of social letting	2,977,998	637,875	3,615,873	3,405,078
Operating surplus on social letting activities	970,969	86,317	1,057,286	1,169,295
2020	1,034,018	135,277	1,169,295	

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4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating surplus/ (costs) £	Operating costs other £	Operating surplus/(deficit) 2021 £	Operating surplus 2020 £
Factoring	-	-	660,404	660,404	19,886	(651,663)	28,627	14,996
Support activities	-	52,320	103,496	155,816	-	(159,501)	(3,685)	19,040
Other agency management services	-	-	25,455	25,455	-	(23,150)	2,305	10,739
Care and Repair	213,890	-	423,533	637,423	-	(518,003)	119,420	27,365
TOTAL FROM OTHER ACTIVITIES	213,890	52,320	1,212,888	1,479,098	19,886	(1,352,317)	146,667	72,140
TOTAL FROM OTHER ACTIVITIES FOR 2020	129,000	52,442	1,166,765	1,348,207	(1,005)	(1,275,062)	72,140	

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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.

No emoluments have been paid to any member of the Board.

	2021 £	2020 £
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	62,360	74,591
Emoluments payable to the Chief Executive (excluding pension contributions)	62,360	74,591
Pension contributions paid on behalf of the Chief Executive	25,313	12,291

	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 £Nil (2020 - £1,593).

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6. EMPLOYEE INFORMATION

	2021	2020
	£	£
Staff costs during the year:		
Wages and salaries	1,084,895	1,091,095
Social security costs	108,738	105,990
Other pension costs	256,577	173,705
Employer past service pension deficit costs	221,175	176,768
	1,671,385	1,547,558

	Number	Number
The average number of full time equivalent persons employed during the year was	36	36

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Bank loans and overdrafts	39,184	83,763

8. OTHER FINANCE CHARGES

	2021	2020
	£	£
Defined benefit pension income/(charge)	1,000	(32,000)

9. OPERATING SURPLUS FOR THE YEAR

		2021	2020
		£	£
Surplus is stated after charging:			
Depreciation of tangible owned fixed assets		980,269	973,693
Auditors' remuneration	- audit services	9,960	9,714
Operating lease rentals	- land and buildings	46,202	51,849
	- other	2,618	3,416
Amortisation of capital grants		245,224	245,224

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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. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting	Total
	£	£
COST		
At start of year	36,251,643	36,251,643
Additions	261,541	261,541
Disposals	(103,336)	(103,336)
At end of year	36,409,848	36,409,848
DEPRECIATION		
At start of year	10,759,919	10,759,919
Charged during year	971,411	971,411
Eliminated on disposal	(103,336)	(103,336)
At end of year	11,627,994	11,627,994
NET BOOK VALUE		
At end of year	24,781,854	24,781,854
At start of year	25,491,724	25,491,724

Components replaced in the year and capitalised totalled £261,541 (2020 - £661,108).

The Association's lenders have standard securities over housing properties with a carrying value of £ 9,603,493 (2020- £ 9,761,948).

All housing property is heritable.

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b) Other tangible assets	Leasehold Improvements	Furniture & Fittings	Total
	£	£	£
COST			
At start of year	98,255	178,369	276,624
Additions	-	-	-
Disposals	-	-	-
At end of year	98,255	178,369	276,624
DEPRECIATION			
At start of year	98,255	156,276	254,531
Charged during year	-	8,858	8,858
Disposals	-	-	-
At end of year	98,255	165,134	263,389
NET BOOK VALUE			
At end of year	-	13,235	13,235
At start of year	-	22,093	22,093

12. COMMITMENTS UNDER OPERATING LEASES

	2021	2020
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,618	2,648
Later than one year and not later than five years	1,822	1,822
	4,440	4,470

13. DEBTORS

	2021	2020
	£	£
Arrears of Rent & Service Charges	235,201	172,579
Less: Provision for Doubtful Debts	(108,548)	(24,594)
	126,653	147,985
Other Debtors	284,946	206,737
Prepayments and accrued income	801,934	715,531
	1,213,533	1,070,253

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14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Housing Loans	849,733	816,987
Concessionary Loans	187,470	187,470
Trade Payables	306,756	160,988
Rent in Advance	73,685	59,204
Other Taxation and Social Security	61,672	56,106
Other Payables	109,726	99,977
Accruals and Deferred Income	466,797	452,046
	2,055,839	1,832,778

Outstanding pension contributions at the year-end were £22,967 (2020: £17,904).

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Concessionary loans	837,402	1,024,872
Housing loans	5,202,736	6,074,597
	6,040,138	7,099,469

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 quarterly basis with the principal being amortised over the term of the loans. Interest is payable at variable rates of 0.47%, 0.30% and 0.30% which produce a weighted average of 0.41%.

The Bank loans due outwith a year are repayable as follows:-	2021	2020
	£	£
Between one and two years	854,653	829,313
Between two and five years	3,468,392	2,563,752
In five years or more	879,691	2,681,532
	5,202,736	6,074,597

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

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

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

The concessionary loans are repayable as follows:	2021	2020
	£	£
Between one and two years	187,470	187,470
Between two and five years	562,411	562,411
In five years or more	87,521	274,991
	837,402	1,024,872

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to cash flow from operating activities	2021	2020
	£	£
Operating Surplus	1,203,953	1,241,435
Depreciation	980,269	973,693
Amortisation of Capital Grants	(245,224)	(245,224)
Change in debtors	(143,280)	(39,663)
Change in creditors	190,315	(21,291)
Movement in Pension Liability	(205,000)	(89,000)
Cancelled Shares	(10)	(7)
Net cash inflow from operating activities	1,781,023	1,819,943

17. ANALYSIS OF CHANGES IN NET DEBT

Reconciliation of net debt as at 31 March 2021

	1 April 2020	Cash flows	31 March 2021
	£'000	£'000	£'000
Cash at bank	5,603,438	462,095	6,065,533
Bank loans	(6,891,584)	839,115	(6,052,469)
Concessionary Loans	(1,212,342)	187,470	(1,024,872)
Net debt	(2,500,488)	1,488,680	(1,011,808)

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18. DEFERRED INCOME

	2021	2020
	£	£
Social Housing Grants		
Balance as at 1 April 2020	10,048,340	10,293,564
Amortisation in Year	(245,224)	(245,224)
Balance as at 31 March 2021	9,803,116	10,048,340

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	9,557,892	9,803,116
	9,803,116	10,048,340

19. RESERVES

Share Capital	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2020	73	73
Issued in year	-	7
Cancelled in year	(10)	(7)
At 31 March 2021	63	73

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.

Reserves	2021	2020
	£	£
At 1 April 2020	13,122,848	10,707,238
Surplus for year	116,151	2,415,610
At 31 March 2021	13,238,999	13,122,848

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20. HOUSING STOCK

The number of units of accommodation in management at the year-end was:-	2021 No.	2020 No.
General Needs	701	701
Supported Housing	150	150
Managed Properties	7	7
	858	858

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:

- 5 Members are tenants of the Association
- 2 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 – £25,208 (2020: £32,661).
- Factoring income received from Owner Occupiers on the Board - £384 (2020: £602).
- At the year-end total rent arrears owed by the Tenant members of the Board were – £Nil (2020: £240).
- At the year-end total factoring arrears owed by Owner Occupiers of the Board were - £Nil (2020: £Nil).

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 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) 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 was not 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, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

Pension Scheme Liability movements:

	2021 (£000s)	2019 (£000s)
As at 1 April 2020	84	1,403
De-recognition of deficit funding liability	-	-
Recognition of defined benefit obligation	-	-
Current Service Cost	239	253
Net Interest (income)/expense	(1)	32
Expenses	7	5
Deficit Contributions Paid	(451)	(347)
Impact of change in assumptions	1,058	(1,262)
As at 31 March 2021	936	84

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23. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	8,485	7,545
Present value of defined benefit obligation	9,421	7,629
(Deficit) in plan	(936)	(84)
Unrecognised surplus	-	-
Defined benefit (liability) to be recognised	(936)	(84)
Deferred tax	-	-
Net defined benefit (liability) to be recognised	(936)	(84)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Defined benefit obligation at start of period	7,629	8,137
Current service cost	239	253
Expenses	7	5
Interest expense	182	192
Contributions by plan participants	19	31
Actuarial (gains) losses due to scheme experience	(106)	64
Actuarial losses due to changes in demographic assumptions	-	(47)
Actuarial losses (gains) due to changes in financial assumptions	1,663	(886)
Benefits paid and expenses	(212)	(120)
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	9,421	7,629

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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 2021 (£000s)	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	7,545	6,734
Interest income	183	160
Experience on plan assets (excluding amounts included in interest income) - gain	499	393
Contributions by the employer	451	347
Contributions by plan participants	19	31
Benefits paid and expenses	(212)	(120)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	8,485	7,545

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £682,000.

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23. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain	499	393
Experience gains and losses arising on the plan liabilities - gain (loss)	106	(64)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	-	47
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss) gain	(1,663)	886
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - (loss) gain	(1,058)	1,262
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 - (loss) gain	(1,058)	1,262

ASSETS

	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	1,313	1,038
Absolute Return	418	463
Distressed Opportunities	290	138
Credit Relative Value	245	181
Alternative Risk Premia	340	605
Fund of Hedge Funds	-	-
Emerging Markets Debt	342	268
Risk Sharing	303	239
Insurance-Linked Securities	177	202
Property	152	141
Infrastructure	474	445
Private Debt	200	149
Opportunistic Illiquid Credit	217	184
High Yield	222	-
Opportunistic Credit	232	-
Cash	3	-
Corporate Bond Fund	640	551
Liquid Credit	147	198
Long Lease Property	197	184
Secured Income	466	419
Over 15 Year Gilts	4	96
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,040	1,987
Net Current Assets	63	57
Total assets	8,485	7,545

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 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.18	2.38
Inflation (RPI)	3.27	2.62
Inflation (CPI)	2.87	1.62
Salary Growth	3.87	2.62
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.4
Male retiring in 2040	22.8
Female retiring in 2040	25.0

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.