

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2016

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2016

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Registration information

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

For the year ended 31 March 2016

Board

Hugh Cameron (Chairperson)
Angela Westrop (Vice Chairperson)
Alastair Morris (Secretary)
William Robertson
Frank Bradley
Robert McNally
Aileen Naismith
Vivien MacKay
Heather Stirling
John Paterson
Ken McIntosh
Grace Gunnell (resigned 24 August 2015)

Executive Officer

Ian McLean, Chief Executive

Registered Office

1st Floor
Bridgewater Shopping Centre
Erskine
PA8 7AA

Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers/Funders

The Royal Bank of Scotland plc
27 Canal Street
Renfrew
PA4 8QG

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

Solicitors

Harper MacLeod LLP
The Ca'd'oro
45 Gordon Street
Glasgow

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2016

The Board of Bridgewater Housing Association present their report and the audited financial statements for the year ended 31 March 2016.

Principal Activities and Charitable Objects

Bridgewater Housing Association Limited has been formed for the benefit of the community. Its charitable objects focus on the provision of housing and related services for people who are in need of our housing and services.

Permitted Activities

The Association's permitted activities and powers include anything which is necessary and expedient to help us achieve our charitable objects but we will also:

- Have regard for the requirement of public accountability;
- Use any money we receive carefully and properly; and
- Consider the welfare of the people who live in the properties we own.

Review of the Business

Priorities

The Association adopted a new **vision** in 2015/16 as part of its review of its business strategy. i.e. to be

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

The Board also agreed a new **mission** for Bridgewater which is to:

"Get it right for every customer"

Our **values** also agreed by the Board, underpin everything that we do. These are:

- Doing what matters most with and for our customers.
- Putting customers first.
- Getting it right first time.

During 2015/16 and indeed for the lifetime of our new business plan our **corporate objectives** are:

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

The Association has developed a **Delivery Plan** around these five corporate objectives and monitors its actions and outcomes on a regular basis.

In one way or another, the Association has operated a business planning approach to organising its affairs since the first day of business. The Association's Internal Management Plan, (IMP) became the Corporate Plan and in 2011/12 the Association adopted a new mission statement. In 2015/16 the Association took the opportunity to review its vision, mission and values and its future direction. There is now a comprehensive "story" in place of where we have come from and where we want to be. This is fundamental in monitoring our progress in relation to our minor achievements as well as our major aspirations.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2016

Review of the Business (continued)

Scottish Housing Quality Standard

All of the Association's properties met the Scottish Housing Quality Standard at the start of the year, except a very small number of properties which fell in to the abeyance and exemption category. The Association continues to monitor the situation with these properties and will carry out the necessary work in relation to abeyances when this becomes possible.

Performance

The Association regularly measures key performance information in relation to our service delivery, our income and our expenditure. The Board sets itself challenging targets for how well it wants to deliver its services. We continued to report good performance in relation to how quickly and efficiently we carry out repairs, how quickly we allocate our properties once they become empty, and how well we deal with people who owe us money, whether that is tenants or owners. We also report good performance in relation to a myriad of other important performance indicators and our report on our ARC will feature this information.

Right to Buy

The Association's business is always at risk because of the obligation to sell properties to tenants who either have the "preserved" Right to Buy, or the "modernised" Right to Buy. The Scottish Government granted the Association a ten-year extension to the implementation of the "modernised" Right to Buy and consequently has been able to safeguard both a substantial asset and income stream, as well as protect a significant number of properties for future allocation to people in housing need. Additionally, the Scottish Government will abolish The Right to Buy in 2016/2017.

Welfare Reform

The other single biggest risk to the Association is the UK Government's social security reform agenda. The Government are seeking to reduce the social security bill significantly and this has meant a raft of measures which started to affect our tenants on housing benefit in 2011/12 and tenants on other benefits in 2012/13 and 2013/14. The Association has been proactive in preparing for the Government's Welfare Reforms and the Board has approved a strategy which is designed to mitigate the risks. During 2015/16 we have again been proactive in making sure that those people who are entitled to Discretionary Housing Payments from the local authority to cover the shortfall in rent from the bedroom tax, access this fund. This has likely meant that our arrears levels have remained relatively low. In addition, we have collaborated with other local housing associations and Renfrewshire Council to extend a range of advice and assistance to people who receive benefits or should receive benefits to maximise their income and mitigate the costs of, for example, heating.

Care and Repair

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

Scottish Social Housing Charter

Following approval by the Scottish Parliament, the Scottish Social Housing Charter was introduced during 2012/13. The Association produced its first Annual Report on the Charter (ARC) in 2013/14 and this was well received. Our second report for 2014/15 was published in October 2015 and our third is scheduled to be published in October 2016 covering the financial year 2015/16.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2016

Risk Management

The Association has a robust risk management policy and process and reviews risks quarterly. However, during the course of the previous plan the Association examined a number of risks in detail. These were risks which had been identified by the Scottish Housing Regulator as the main areas of risk facing the sector at the time and relate to the financial health of RSLs in Scotland.

In its analysis the Regulator concluded that the majority of RSLs are continuing to manage to protect their financial health. But there remain significant financial stresses and there are risks that all RSLs should be working diligently to address. There were seven specific risks identified and the Association's Board have considered these in detail and continue to monitor them as part of our risk management strategy. These are:

- Welfare reform
- Cost of financing
- Covenant compliance
- Pension provision
- Staff costs
- Cash generation
- Business planning and governance.

Plans for the Future

The Association has developed a "Delivery Plan" from its Business Plan detailing service, policy and other improvements over the next three years. These are in line with the Association's Mission, Vision and Corporate Objectives. In addition, however the Association has identified some specific opportunities:

- The implementation of a new reactive repairs contract.
- Increases in new build subsidy from the Scottish Government, aligned to their new build house building target.
- Positive independent analysis by external consultants of the Association's financial plan.
- Potential for Rental Off the Shelf purchases.
- An extension of the Care and Repair Contract and possible renewal.
- Vacancies within the staff team.

Statement of the Board's responsibilities

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

In preparing those financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and the Statement of Recommended Practice have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- Prepare a Statement on Internal Financial Control

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - December 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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT of the BOARD

For the year ended 31 March 2016

Statement of the Board's responsibilities (continued)

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

Statement on Internal Financial Control

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

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to;

- the reliability of financial information used within the RSL, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

Any system can only provide reasonable and not absolute assurance against material misstatement or loss. The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation.

Key elements of the RSL's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the RSL's assets.
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared which allow the management team and the governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term.
- authorisation of all expenditure by senior staff and Board.
- the Association has a corporate strategy in place which details the strategic and operational objectives of the business.
- there are controls in place to ensure that the organisation meets its covenants as detailed in its loan agreement with lenders.
- the treasury management policy ensures that borrowing and investment are based on an assessment of risk.
- the organisation has 30 year cashflow projections which are updated annually. The underlying assumptions show a good understanding of the Association's business objectives, key risks and commitments and includes up to date life cycle costing information.
- a risk management plan is in place which takes a structured approach to the identification and analysis of key risks, the likelihood of these materialising and their possible impact.
- adequate insurance for the business has been taken out.

BY ORDER OF THE BOARD

A MORRIS
Secretary

3 / 8 / 2016



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



We have audited the financial statements of Bridgewater Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board and the auditor

As explained more fully in the Statement of the Board's responsibilities on page 4, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Committee's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2104, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements – December 2014.

Matters on which we are required to report by exception

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

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

Chiene + Tait LLP

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

17 August 2016

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

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

Basis of Opinion

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

Opinion

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

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

Chiene + Tait LLP

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

17 August 2016

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 £	2015 (Restated) £
Turnover	2	5,404,986	5,182,940
Operating expenditure	2	4,142,964	3,963,076
Operating surplus		1,262,022	1,219,864
Gain on sale of housing properties		45,677	24,156
Interest receivable		35,779	18,776
Interest and financing costs	8	(522,336)	(564,228)
Surplus before tax		821,142	698,568
Taxation	9	-	-
Surplus for the year		821,142	698,568

The results for the year relate wholly to continuing activities.

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

STATEMENT OF CHANGES IN RESERVES

	Share Capital £	Income and expenditure Reserve £	Total Unrestricted Funds £
Balance at 1 April 2015 (restated)	164	7,622,302	7,622,466
New shares issued	4	-	4
Shares cancelled	(13)	-	(13)
Surplus from statement of total comprehensive income	-	821,142	821,142
Balance at 31 March 2016	155	8,443,444	8,443,599

The notes on pages 11 to 24 form part of these financial statements.


BRIDGEWATER HOUSING ASSOCIATION LIMITED

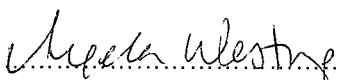
STATEMENT OF FINANCIAL POSITION

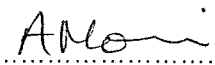
As at 31 March 2016

	Notes	2016 £	2015 (Restated) £
Tangible fixed assets			
Housing properties - cost less depreciation	10	26,832,900	27,060,835
Other fixed assets	11	11,694	41,392
		-----	-----
		26,844,594	27,102,227
		-----	-----
Current assets			
Debtors	12	1,101,600	768,155
Cash and cash equivalents		4,161,862	4,203,354
		-----	-----
		5,263,462	4,971,509
Creditors: amounts falling due within one year	13	(1,990,319)	(1,805,026)
		-----	-----
Net current assets		3,273,143	3,166,483
		-----	-----
Total assets less current liabilities		30,117,737	30,268,710
		-----	-----
Creditors: amounts falling due after more than one year	14	(10,716,296)	(11,507,751)
		-----	-----
Deferred Income			
Social Housing Grant	15	(10,957,842)	(11,138,493)
		-----	-----
Net assets		8,443,599	7,622,466
		=====	=====
		-----	-----
Capital and reserves			
Share capital	16	155	164
Revenue reserves		8,443,444	7,622,302
		-----	-----
		8,443,599	7,622,466
		=====	=====

The financial statements on pages 8 to 24 were approved by the Board on 3 August 2016 and were signed on its behalf by:


.....
H Cameron Chairperson


..... Vice-Chairperson
A Westrop


..... Secretary
A Morris

The notes on pages 11 to 24 form part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED**STATEMENT OF CASH FLOWS****For the year ended 31 March 2016**

	Notes	2016	2015
		£	(Restated)
			£
Net cash generated from operating activities	17	1,649,624	1,837,184
Cash flow from investing activities			
Sale of properties		58,466	32,418
Payments to acquire properties and works to existing properties		(695,219)	(116,498)
Grants received		42,978	-
Payments to acquire other tangible fixed assets		-	(19,338)
Interest received		35,779	18,776
		<u>(557,996)</u>	<u>(84,642)</u>
Cash flow from financing activities			
Interest paid		(486,301)	(512,826)
Loan finance repaid		(646,823)	(619,577)
Shares issued		4	4
		<u>(1,133,120)</u>	<u>(1,132,399)</u>
Net change in cash and cash equivalents		<u>(41,492)</u>	<u>620,143</u>
Cash and cash equivalents at beginning of the year		<u>4,203,354</u>	<u>3,583,211</u>
Cash and cash equivalents at the end of the year		<u>4,161,862</u>	<u>4,203,354</u>

The notes on pages 11 to 24 form part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. Accounting policies

(a) Introduction and accounting basis

The financial statements have been prepared for the first time in accordance with Financial Reporting Standard 102 (FRS 102), the Housing SORP 2014: Statement of Recommended Practice for social housing providers (SORP 2014) and the Determination of Accounting Requirements (December 2014). The transition to FRS 102 and SORP 2014 has resulted in a number of changes in accounting policies to those used previously. The nature of these changes and their impact on the figures reported in the comparative period are explained in note 24.

The Association is a Public Benefit Entity as defined by FRS 102.

The principal accounting policies of the Association are set out in paragraphs (b) to (k) below.

(b) Going concern

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

(c) Turnover

Turnover represents rental and service charge income, factoring income from owner occupiers, supporting people grant, the release of capital grants amortised as explained below, and sundry other items and is recognised when the Association has a right to the income.

(d) Sales of properties

Gains or losses on disposal of housing properties are included in the Statement of Comprehensive Income.

(e) Fixed assets

Housing properties

Housing properties are stated at cost and less accumulated depreciation. The development cost of housing properties includes:

- Cost of acquiring land and buildings;
- Development expenditure including administration costs.

These costs are termed "qualifying costs" by the Scottish Government for approved social housing grant schemes.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the year end.

Where developments have been financed wholly or partly by SHG the amount of the grant received accounted for as deferred income and included in creditors as explained below.

Other fixed assets

Other fixed assets are initially stated at cost. Expenditure in excess of £10,000 on individual items with an estimated useful life greater than one year are generally considered for capitalisation.

(f) Works to existing housing properties and component accounting

Where assets comprise components with substantially different useful economic lives, these components are depreciated over those distinct useful lives. In relation to its housing properties, the Association has identified a number of components with useful lives that are shorter than the fabric of the building. Component accounting also requires that expenditure on the periodic replacement of components as part of the Association's planned maintenance programmes is capitalised.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

1. Accounting policies (continued)

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

Works on existing properties that are not the replacement of components nor regarded as enhancing the value of properties are charged to expenditure under maintenance costs in note 3.

(g) Depreciation

Housing properties held for letting at cost are depreciated on a straight-line basis over the useful lives of each of the identified components of the properties. Under component accounting the following components have been identified. Where components are replaced before the end of their estimated useful lives, depreciation in the year of replacement is accelerated to reduce the net book value of the components to £nil. Where the Association has received grants in respect of housing properties this is allocated to the land and structure components.

Component	Estimated useful life
Land	not depreciated
Structure	50 years
Kitchens	15 years
Bathrooms	30 years
Central heating boilers	15 years
Central heating radiators and controls	30 years
Windows and doors	25 years
Electrical rewiring	25 years
Roofs	40 years
Lifts	25 years

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life as follows:

Leasehold improvements	over remaining life of lease
Office equipment	20% straight line
Fixtures and fittings	15% straight line
Computer equipment	33 1/3% straight line
Motor vehicles	25% straight line

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

(h) Housing Association Grant and other capital grants

Certain developments have been financed wholly or partly by Housing Association Grant (HAG) or other capital grants. HAG is repayable under certain circumstances, primarily following sale of the related property but will normally be restricted to net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on a systematic basis over the useful life of the related housing asset. The Association uses the useful life of housing structures (50 years) to calculate the annual amortisation. Unamortised grants are included as deferred income in creditors due after one year.

(i) Leased Assets

Operating leases and the payments made under them are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

(j) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant categories of expenditure on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (Cont'd.)****For the year ended 31 March 2016****1. Accounting policies (continued)****(k) Pensions** (note 18)

The Association participates in the Scottish Housing Associations' defined benefits pension scheme. The Scheme is a multi-employer scheme where scheme assets are co-mingled for investment purposes, benefits are paid from total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly due to the nature of the Scheme, it is accounted for under FRS 102 as a defined contribution scheme and the accounting charge in respect of the current contributions for the period the current employer contribution payable. The Association has an agreement with the Scheme Trustees in respect of past service deficit contributions during the recovery period and provision has been made for the present value of the future contributions due under this agreement. The unwinding of the discount under this accounting procedure is accounted for within finance costs.

2. Particulars of turnover, operating costs and operating surplus

	Turnover	Operating Costs	Operating surplus or deficit 2016	Operating surplus or deficit 2015 (Restated)
	£	£	£	£
Affordable lettings (note 3)	4,412,281	3,200,959	1,211,322	1,236,194
Other activities (note 4)	992,705	942,005	50,700	(16,330)
Total	5,404,986	4,142,964	1,262,022	1,219,864
2015 (restated)	5,182,940	3,963,076	1,219,864	

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

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

	Housing Accommodation	Supported Housing	2016 Total	2015 Total (Restated)
	£	£	£	£
*Rent receivable net of service charges	3,272,954	548,912	3,821,866	3,749,501
Service charges	19,827	173,717	193,544	217,954
Gross income from rents and service charges	3,292,781	722,629	4,015,410	3,967,455
<u>Less: Voids</u>	(17,259)	(8,499)	(25,758)	(23,594)
Grants from the Scottish Ministers	199,000	-	199,000	39,972
Release of deferred Government grants	191,510	32,119	223,629	166,080
Total turnover from social letting activities	3,666,032	746,249	4,412,281	4,149,913
Management and maintenance administration costs	940,858	157,329	1,098,187	1,148,396
Service costs	19,827	139,990	159,817	189,878
Planned and cyclical maintenance including major repair costs	505,353	59,650	565,003	279,159
Reactive maintenance costs	371,416	60,411	431,827	450,909
Bad debts (rents and service charges)	30,721	5,039	35,760	24,589
Depreciation of social housing	782,093	128,272	910,365	820,788
Operating costs for social letting activities	2,650,268	550,691	3,200,959	2,913,719
Operating surplus for social lettings	1,015,764	195,558	1,211,322	1,236,194
Operating surplus for social lettings for 2015 (Restated)	1,035,712	200,482	1,236,194	

There is no impairment of social housing to report.

*Rental income from housing accommodation includes garage rent of £173,620 (2015: £170,828).

BRIDGEWATER HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 March 2016

4. Particulars of turnover, operating costs and operating surplus or (deficit) from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Other operating costs – bad debts	Other operating costs	Operating surplus or (deficit) 2016	Operating surplus or (deficit) 2015 (Restated)
	£	£	£	£	£	£	£	£	£
Wider role activities, undertaken to support the community, other than the provision, construction, and improvement of housing management of housing	-	33,997	-	-	33,997	-	33,997	-	-
Care & Repair	-	41,000	-	338,597	379,597	-	354,545	25,052	31,705
Factoring	-	-	-	389,279	389,279	-	390,256	(977)	(23,394)
Support activities	-	-	48,145	115,698	163,843	-	140,493	23,350	(24,641)
Other agency/management services	-	-	-	22,714	22,714	-	22,714	-	-
Other activities	-	-	-	3,275	3,275	-	-	3,275	-
Total from other activities	-	74,997	48,145	869,563	992,705	-	942,005	50,700	(16,330)
Total from other activities for 2015 (Restated)	-	78,116	52,442	902,469	1,033,027	10,274	1,039,083	(16,330)	

There are no activities to report other than those reported above

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

5. Officers' emoluments and remuneration of key personnel

Officers are defined as the members of the Board, the Director and any other manager whose total emoluments (excluding pension contributions) exceed £60,000 per annum. No emoluments were paid to any member of the Board during the year.

Details of emoluments paid to the Director/Chief Executive follow (no other Director received emoluments in excess of £60,000 per annum).

	2016	2015
	£	£
Emoluments payable to Chief Executive (excluding pension contributions of £7,985 (2015: £7,867))	64,354	63,835
	=====	=====
Total expenses reimbursed to Officers in so far as not chargeable to United Kingdom income tax	1,044	2,629
	=====	=====

Key Management Personnel

Key Management Personnel are the Members of the Board, the Chief Executive, the Housing Services Manager, the Technical Services Manager, the Corporate Services Manager and the Assistant Finance Manager.

	2016	2015
	£	£
Their total remuneration (including employer pension contributions) amounted to	212,190	204,412
	=====	=====

6. Employee information

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

	2016	2015
Office staff	20	21
Wardens, caretakers and cleaners	3	3
Care and repair staff	8	8
	-----	-----
	31	32
	=====	=====

	2016	2015
	£	(Restated) £
Staff costs (including directors' emoluments):		
Wages and salaries	927,291	953,171
Social security costs	72,522	78,079
Pension costs (note 18)	109,688	210,432
	-----	-----
	1,109,501	1,241,682
	=====	=====

7. Auditor's remuneration

	2016	2015
	£	£
- in their capacity as auditor	10,260	9,120
- for other services	1,200	300
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

8. Interest financing costs	2016	2015
	£	(Restated)
		£
Interest payable on private loans	483,336	506,228
Pension financing costs (note 18)	39,000	58,000
	-----	-----
	522,336	564,228
	=====	=====

9. Taxation

The Association was registered as a Scottish Charity on 19 July 2004 and there is no liability for Corporation Tax in respect of the year ended 31 March 2016.

10. Tangible fixed assets - housing properties
Housing

	Properties Held for Letting
	£
Cost	
At start of year	34,597,370
Additions during year	152,734
Expenditure on components	542,485
Disposals - RTB	(34,747)
- replaced components	(112,621)

At end of year	35,145,221

Depreciation	
At start of year as previously reported	6,547,979
Prior year adjustment (note 24)	988,556

As restated	7,536,535
Charge for year	910,365
Disposals - RTB	(21,958)
- replaced components	(112,621)

At end of year	8,312,321

Net book value	
At end of year	26,832,900
	=====
At start of year (as restated)	27,060,835
	=====

All housing property is heritable.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

11. Tangible fixed assets - other fixed assets

	Leasehold improvements	Furniture fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At start of year	98,255	263,384	26,137	387,776
Additions during year	-	-	-	-
Disposals in Year	-	(72,382)	(26,137)	(98,519)
	-----	-----	-----	-----
At end of year	98,255	191,002	-	289,257
	-----	-----	-----	-----
Depreciation				
At start of year	98,255	221,992	26,137	346,384
Disposals in Year	-	(72,382)	(26,137)	(98,519)
Charge for year	-	29,698	-	29,698
	-----	-----	-----	-----
At end of year	98,255	179,308	-	277,563
	-----	-----	-----	-----
Net book value				
At end of year	-	11,694	-	11,694
	=====	=====	=====	=====
At start of year	-	41,392	-	41,392
	=====	=====	=====	=====

12. Debtors

	2016	2015
	£	£
Rental arrears	90,447	82,101
<u>Less:</u> Provision for bad debts	(29,286)	(14,626)
	-----	-----
Other debtors	61,161	67,475
Prepayments and accrued income	205,785	243,031
	834,654	457,649
	-----	-----
	1,101,600	768,155
	=====	=====

13. Creditors: amounts falling due within one year

	2016	2015
	£	(Restated) £
Housing loans (note 14)	674,684	647,052
Past service deficit contributions payable in following year	149,000	140,000
Trade creditors	52,195	173,860
Other creditors	66,729	43,567
Other taxation and social security	45,644	48,861
Accruals and deferred income	1,002,067	751,686
	-----	-----
	1,990,319	1,805,026
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

14. Creditors: amounts falling due after more than one year	2016	2015
	£	(Restated) £
Housing loan (see below)	9,159,296	9,833,751
Provision for pension deficit contributions (note 18)	1,557,000	1,674,000
	<u>10,716,296</u>	<u>11,507,751</u>
	=====	=====

Loans are secured by specific charges on the Association's properties and are repayable in instalments commencing in 2014. Interest is payable at a fixed rate of 6.78% and a variable rate of 0.84% which produce a weighted average of 4.77%.

	2016	2015
	£	£
Housing loans repayable by instalments:		
Within one year (note 13)	674,684	647,052
Between one and two years	708,819	674,455
Between two and five years	2,482,309	2,228,141
Due in five years or more	5,968,168	6,931,155
	<u>9,833,980</u>	<u>10,480,803</u>
	=====	=====

15. Deferred income

Deferred government grants are released to income over the useful life of the associated property (50 years). The movement on the deferred grant balance are as follows:

	2016	2015
	£	(Restated) £
Balance at start of year	11,138,493	11,304,573
Received in the year	42,978	-
Repaid in the year	-	-
Amortisation – release to income (note 3)	(223,629)	(166,080)
	<u>10,957,842</u>	<u>11,138,493</u>
	=====	=====
Due for release:		
Within one year	219,157	222,770
After more than one year	10,738,685	10,915,723
	<u>10,957,842</u>	<u>11,138,493</u>
	=====	=====

Housing Association Grant (HAG) is repayable in certain circumstances, primarily following the sale of the related property and therefore a contingent liability exists in respect of the grant amortisation charges to date. At the balance sheet date cumulative amortisation charges were £1,274,949 (2015: £1,051,320)

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

16. Share capital

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

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

	2016	2015
		(Restated)
	£	£
Surplus for the year	821,142	698,568
<i>Adjustments for non cash items:</i>		
Depreciation of tangible fixed assets	940,063	851,434
Amortisation of grants	(223,629)	(166,080)
(Increase)/decrease in debtors	(333,445)	237,126
Increase/(decrease) in creditors	151,626	(296,152)
Pension cost less contributions payable	(147,000)	(9,000)
Shares forfeited	(13)	(8)
<i>Adjustments for investing or financing activities:</i>		
Carrying value of tangible fixed asset disposals	12,789	8,262
Proceeds from the sale of tangible fixed assets	(58,466)	(32,418)
Interest receivable	(35,779)	(18,776)
Interest and financing costs	522,336	564,228
	-----	-----
	1,649,624	1,837,184
	=====	=====

18. Pensions

The Pensions Trust – Scottish Housing Associations' Pension Scheme (SHAPS)

Bridgewater Housing Association participates in the scheme a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a "last man standing arrangement". Therefore the Association is potentially liable for the other participating employer's 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. Further information in relation to this contingent liability is given under **Employer Debt** below.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

18. Pension scheme (Contd.)

(i) The Pensions Trust – Scottish Housing Associations' Pension Scheme (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions (for the Scheme as a whole)

From 1 April 2014 to 30 September 2027: £26.3m per annum (payable monthly and increasing by 3% each 1 April)

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

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

Assumptions

Rate of discount – % per annum	2.29	2.22
	=====	=====

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The liability recognised is as follows:

	2016	2015
	£'000	£'000
Present value of provision at 1 April	1,814	1,765
Unwinding of the discount factor (interest expense)	39	58
Deficit contributions paid	(140)	(136)
Re-measurements – impact of any change in assumptions	(7)	127
	-----	-----
Present value of the provision at 31 March	1,706	1,814
	=====	=====

Income and expenditure impact:

	2016	2015
	£'000	£'000
Interest expense	39	58
Re-measurements – impact of any changes in assumptions	(7)	127
Contributions paid in respect of future service	112	78
Costs recognised in expenditure	5	5
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

18. Pensions (cont'd)

(i) The Pensions Trust – Scottish Housing Associations' Pension Scheme (continued)

The Association continues to offer membership of the Scheme to its employees and has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2012 and the Career average revalued earnings with 1/80th accrual rate benefit option for new entrants from 1 April 2012.

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

Employer Debt

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Bridgewater Housing Association Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for Bridgewater Housing Association was £5,746,883 (2015: £4,759,194). The past service deficit contributions payable over the deficit recovery plan period to September 2027, as described above and for which provision has been made in the financial statements, are designed to reduce this potential debt.

19. Housing stock

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

	Units in Management	
	2016	2015
General needs	705	705
Supported	150	150
Properties managed on behalf of other organisations	7	7
	-----	-----
	862	862
	=====	=====

BRIDGEWATER HOUSING ASSOCIATION LIMITED**NOTES to the FINANCIAL STATEMENTS (Cont'd.)****For the year ended 31 March 2016****20. Commitments** **2016** **2015**

Capital expenditure that has been contracted for but has not been provided for in the financial statements	£nil	£nil
	=====	=====

21. Operating lease commitments and contingent liability

The Association had outstanding commitments for future minimum lease payments under operating leases at the year end date as follows:

	2016		2015	
	Equipment £	Office Property £	Equipment £	Office Property £
Amounts payable under operating leases which expire:				
Within one year	13,254	49,380	-	49,380
Within two to five years	7,324	-	29,563	-
Over five years	-	-	-	-
	-----	-----	-----	-----
Total future minimum lease payments	20,578	49,380	29,563	49,380
	=====	=====	=====	=====

A total of £58,365 was recognised as an operating lease expense in the year (2015: £56,069).

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

22. Legislative provisions

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

23. Related parties

During the year ended 31 March 2016, six Board members were tenants of Bridgewater Housing Association. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy. In addition two Board members receive a factoring service from the Association. The total rent charged to tenant members was £27,503 and factoring charges amounted to £276. In all cases balances due by Board members at 31 March 2016 were £nil.

24. Prior year adjustments - Adjustments following the adoption of FRS 102:**(a) Recognition of grant income and acceleration of depreciation**

Previously capital grant received to assist in funding the cost of housing properties was accounted for as a deduction against costs, thereby reducing the depreciable cost of the properties. In line with the Housing SORP 2014 and FRS 102, capital grants received by the Association are now recognised as deferred income and amortised (or released to income) over the lifetime of the related asset. Grant received in advance of the satisfaction of any performance conditions is also held within creditors as deferred income. The resulting prior year adjustment arising on this change of accounting policy is an increase in liabilities of £11,138,493 and an increase in the Income and Expenditure Reserve of £1,051,320 at 31 March 2015, being the balance of unamortised grants and the accumulated amortisation credits respectively at that date. As a result of this change to the treatment of grants, the depreciable cost of housing properties increased by £12,189,813 and this in turn results in increased depreciation charges. The prior year adjustment to Income and Expenditure Reserve in respect of the accumulated additional charges to 31 March 2015 is £988,556.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Cont'd.)

For the year ended 31 March 2016

24. Prior year adjustments - Adjustments following the adoption of FRS 102 (continued):

(b) Pension liability

The Association participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme. The cost of the scheme is accounted for on a defined contribution basis as it is not possible to separately identify the underlying assets and liabilities of individual participating employers. However as explained in note 17 a past service deficit liability exists and under FRS 102 this liability must be recognised in the financial statements. This has resulted in the recognition of a pension liability of £1.814m at 31 March 2015 with a corresponding charge to the Income and Expenditure Reserve at that date.

(c) Reconciliation

Statement of financial position	Notes	Reported in 2015 financial statements £	Restate- ments £	Restated 2015 figures £
Fixed assets	(a)	15,900,970	11,201,257	27,102,227
Current assets		4,971,509	-	4,971,509
Creditors: amounts falling due within one year	(b)	(1,665,026)	(140,000)	(1,805,026)
Creditors: amounts falling due after more than one year	(b)	(9,833,751)	(1,674,000)	(11,507,751)
Deferred income	(a)	-	(11,138,493)	(11,138,493)
Total net assets		9,373,702	(1,751,236)	7,622,466
Share capital		164	-	164
Income and expenditure reserve	(a) & (b)	8,667,307	(1,743,573)	6,923,734
At 1 April 2014 (transition date)		706,231	(7,663)	698,568
Surplus for 2014/15		-	-	-
At 31 March 2015		9,373,538	(1,751,236)	7,622,302
Total reserves		9,373,702	(1,751,236)	7,622,466

Statement of comprehensive income	Notes	Reported in 2015 financial statements £	Restate- ments £	Restated 2015 figures £
Turnover	(a)	5,016,860	166,080	5,182,940
Operating expenditure	(a) & (b)	(3,847,333)	(115,743)	(3,963,076)
Gain on disposal of property, plant and equipment		24,156	-	24,156
Interest receivable		18,776	-	18,776
Interest and financing costs	(b)	(506,228)	(58,000)	(564,228)
Total comprehensive income for the year		706,231	(7,663)	698,568