

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

# BRIDGEWATER HOUSING ASSOCIATION LIMITED

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**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**THE BOARD, EXECUTIVES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**MEMBERS OF THE BOARD**  
**BOARD**

Alastair Morris (Chairperson)  
John Paterson (Vice Chairperson)  
Heather Stirling (Secretary)  
Angela Westrop  
William Robertson (resigned 14 August 2019)  
Frank Bradley  
Robert McNally  
Aileen Naismith  
Jim Sheridan  
Ken McIntosh  
Denise Love  
Suzanne Austin  
Steve Webster  
Craig McGarry

**EXECUTIVE OFFICER**

Ian McLean, Chief Executive

**REGISTERED OFFICE**

1<sup>st</sup> Floor  
Bridgewater Shopping Centre  
Erskine, PA8 7AA

**AUDITORS**

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

**BANKERS/FUNDERS**

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

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

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

**SOLICITORS**

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

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2020**

The Board presents its report and the audited Financial Statements for the year ended 31 March 2020.

**Legal Status**

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

**Principal Activities**

The principal activities of the Association are:

- The provision and management of housing for rent.
- The provision of services to owner-occupiers where the Association either factors property or has a relationship with an owner by virtue of the Association's previous role as Feu Superior.
- Acting as the Managing Agent for Renfrewshire, East Renfrewshire and Inverclyde Care and Repair Projects.
- The provision of a Supported Housing Service to tenants living in the Association's Sheltered Housing.

**Charitable Objects**

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

**Permitted Activities**

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

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

**Review of the Business**

**Priorities**

The Board took some strategic time during 2019 to revisit its business plan and future direction. The Board reviewed its mission, vision, values and objectives and importantly also considered the future in terms of other options which might be available to the Association. The Board concluded that the circumstances were such that the Association was strong both financially and in terms of the services it delivered to tenants and other customers. It was confident in the Association continuing to be financially stable in to the future, providing what tenants and other customers want from it and at a cost which was viewed as providing value for money. The Board tested this conclusion with its members, asking them the same question about the future and about their preference for alternatives to the status quo. Overwhelmingly members agreed with the conclusions of the Board, that the Association should remain an independent organisation but build on its already mature partnerships with other Associations. The Board intended to approve a new Business Plan in 2019/20, however this was delayed and just when the Board was due to approve a new Business Plan, the Covid 19 pandemic happened and everything changed. It is the Board's intention to take stock of the implications of the pandemic prior to approving any new plans for the future.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
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**FOR THE YEAR ENDED 31 MARCH 2020**

Nevertheless, the Board has confirmed that the Association wants to be:

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

And that our mission is to:

Get It Right for Every Customer.

Our values will be:

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

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

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

Our Draft Business Plan aims to ensure that the programme of continuous improvement is implemented effectively to support the excellent services that our customers are used to. To achieve this our Board established a set of strategic objectives, underpinned by clear delivery plans over the life of the plan. These reflected the opportunities and threats in the evolving external environment in which we operated during the development of the plan and the internal strengths and weaknesses of the Association. Although, some of the plan will be reviewed to take account of the impact of the pandemic, it is unlikely that our strategy will change.

1. Manage and maintain high quality, affordable homes and services
2. Deliver a quality value for money customer experience in partnership with customers
3. Protect and enhance the value of the environment.
4. Invest in our staff and our Board
5. Exploit collaborative opportunities for improvement and growth
6. Demonstrate strong, sustainable and effective strategic governance and financial control

The Association has developed an action plan around these six strategic objectives and has begun to monitor its actions and outcomes on a regular basis.

## **SHQS**

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

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**REPORT FROM THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2020**

for electrical safety checks to be completed every five years, (not previously a public sector requirement), will mean a substantial decrease in the Association's SHQS compliance until the completion of our Fire Safety and Smoke Alarm installation programme in 2020/21

**EESSH**

The Association is in the final year of its EESSH compliance programme. Completion of the programme will ensure that Bridgewater complies with the Scottish Government's requirement that all social housing will comply with the Standard by December 2020. As at 31<sup>st</sup> March 2020 Bridgewater was 88.7% compliant and will be 99.41% compliant by the deadline of December 2020, assuming that current lockdown rules allow the Association's 2020/21 investment programme to be completed. The outstanding .59% of properties (5 properties) are categorised as 'social exceptions' and will be completed when circumstances permit. It is important to note that any further delays to the resumption of planned works due to Covid-19 may delay completion of the programme. The Association assumes that the Scottish Government will extend the deadline for compliance should this happen.

**Performance**

Following a quality versus price competitive procurement, MITIE Property Services won the contract to deliver our reactive repairs service, despite fierce competition from other contractors in the sector. Although the contract was subsequently novated over to MPS Housing, a subsidiary of the MEARS Group, MPS retained many of the personnel who worked for MITIE and who were familiar to our customers. MPS restructured their workforce and management in late 2019, which was followed by a slightly downward trend in overall repairs performance, although customer satisfaction remained reasonably good. If Covid 19 had not happened we would have ended the year with optimistic prospects for 2020/21. Nevertheless for the period covered by these accounts, performance was acceptable and much better than the previous accounting year.

The Leadership Team were able to report to the Board at the end of the year performance in all areas which exceeded adequate levels with good prospects for the year ahead. However, there were some emerging concerns over arrears which are likely to increase at least in the short term because of the Covid epidemic. Similarly, although the Association's new Factoring Officer is making significant inroads into historic factoring debt this is likely to become more challenging. Nevertheless, for the financial year 2019/20 a huge amount of work has been accomplished.

**Policy Review and Development**

The Association has an annual programme of policy review and development however a number of our policies have gone beyond their optimal review date. This is because review was reliant on the Scottish Government guidance on the 2014 Housing (Scotland) Act which was issued in 2019. This has affected the review of our Arrears and Anti-Social Behaviour Policies.

**Risk Management**

One of the biggest single risks to the Association is the UK Government's social security reform agenda which began to affect tenants in 2011. More recently Universal Credit has been an issue for some of our tenants. This began to increase in 2018 when Renfrewshire was subject to the "live service" and began to impact significantly in 2019/20. The Association has "mainstreamed" its Welfare Rights Service which it had previously outsourced in order to improve access to this service by tenants and has increased its resource in this area.

The Association maintains a strategic risk register and risk map to assess and monitor the business risks faced by the Organisation and implements risk management controls to mitigate risks where possible. This involves

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**FOR THE YEAR ENDED 31 MARCH 2020**

identifying the types of risks, prioritising them in terms of likelihood and impact and identifying and implementing controls. Key risk areas will be subject to a rolling programme of internal audit.

Risks are monitored by the Association's Audit and Risk Committee which also takes account of changes and new risks which have arisen. This has proven very effective during 2019/20 but did not take account of the prospect of an emergency health pandemic and this will be one of the key areas for review in 2020/21.

### **Care and Repair**

The Association won the tender to deliver the Care and Repair Service for Renfrewshire and East Renfrewshire Councils in 2012/13. This contract was extended, subsequently retendered and again awarded to the Association and will run until October 2020. Additionally, the Board agreed to submit a tender for the Inverclyde Care and Repair service and the Association won a three-year tender from Inverclyde Council. This resulted in a number of staff transferring to the Association, under TUPE from Cloch Housing Association. The service has gone from strength to strength and has proven to be very successful in delivering services to a large number of vulnerable disabled and elderly tenants.

### **Governance Review**

In 2018 the Association completed a comprehensive review of its governance documentation and produced a full Framework of Governance document aimed at supporting Board Members. During 2018/19 the Board commissioned an independent audit of its governance arrangements and considered a report which made recommendations for a number of minor changes. The Association's internal auditor reviewed how these changes have been implemented during 2019/20 as part of the Boards arrangements for assuring itself that the Association was compliant with the SHRs Standards of Governance and Financial Management. In this regard, the Association undertook a major operation in relation to preparing supporting documentation for its Annual Assurance Statement to the SHR and submitted this during 2019/20.

### **Commitments for the future**

#### **New Build**

The Association will continue to be speculative and opportunistic in relation to new housing development. The Association has been discussing the re-provisioning of its sheltered housing with the local authority for some time. Some site investigation work has been undertaken in relation to possible projects but no firm decision has yet been taken about possible development opportunities.

#### **Office**

The Association has been aware for some time that its current office is no longer fit for purpose and is discussing with its landlord a cost sharing arrangement to refurbish the office. This followed an extensive consideration by staff of possible alternative arrangements, none of which were deemed to be feasible. Discussions on the details of this opportunity have stalled because of COVID 19.

#### **Financial Planning**

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

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**Emerging Issues**

There are a number of emerging issues which the Association will deal with during 2020/21. These include;

- The impact of the COVID 19 pandemic on services and staff
- Opportunities for more home working
- Approval of a new three-year business plan
- Submission of the first post COVID Annual Assurance Statement to the Scottish Housing Regulator
- The Government's review of the Factoring Act and any consequential changes to our Factoring Service
- Consideration of the post of Head of Housing and Customer Service which is currently filled on a temporary basis
- Decisions relating to office accommodation
- Decisions relating to the re-provisioning of the sheltered accommodation.
- Implementation of new Fire Safety Regulations and the widespread installation of smoke alarms in our properties
- The continuation of an extensive investment programme, including the re-roofing of a large number of properties
- Challenges resulting from the impact of COVID 19 on the general economy and on our tenants' finances

**Statement of Board's responsibilities**

The Board is responsible for preparing the Report and Financial Statements in accordance with applicable law and regulations. The Co-operative and Community Benefit Societies Act 2014 and social housing legislation require the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Board is required to:-

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

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



**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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.

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

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2020**

- 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 2020. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the Financial Statements or in the Auditor's Report on the Financial Statements.

**Auditors**

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

By order of Board



Signature

Heather Stirling, Secretary

Date: 22 July 2020

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**REPORT BY THE AUDITORS TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION LIMITED ON**  
**CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2020**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 7 and 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on pages 7 and 8 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

French Duncan LLP

Chartered Accountants  
Statutory Auditors

GLASGOW

Date: August 2020

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION FOR THE**  
**YEAR ENDED 31 MARCH 2020**

**OPINION**

We have audited the Financial Statements of Bridgewater Housing Association Limited for the year ended 31 March 2020 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 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**

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

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

**OTHER INFORMATION**

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

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020**

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

We have nothing to report in this regard.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

**RESPONSIBILITIES OF BOARD MEMBERS**

As explained more fully in the Statement of Board's responsibilities set out on page 6, the Board is responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

## **BRIDGEWATER HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITORS REPORT TO THE BOARD OF BRIDGEWATER HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020**

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- 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.

#### **USE OF OUR REPORT**

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **French Duncan LLP**

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

Date: August 2020

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>REVENUE</b>	2	5,922,580	5,609,619
Operating costs	2	<u>(4,681,145)</u>	<u>(4,737,805)</u>
<b>OPERATING SURPLUS</b>	9	1,241,435	871,814
Interest receivable and other similar income		27,938	20,253
Interest payable and other similar charges	7	(83,763)	(107,717)
Other finance charges	8	<u>(32,000)</u>	<u>(27,000)</u>
		<u>(87,825)</u>	<u>(114,464)</u>
<b>SURPLUS FOR THE YEAR</b>		1,153,610	757,350
<b>OTHER COMPREHENSIVE INCOME</b>			
Initial recognition of multi-employer defined benefit scheme	23	-	(408,000)
Actuarial gains/(losses) in respect of pension scheme	23	1,262,000	(405,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>2,415,610</u></u>	<u><u>(55,650)</u></u>

The results for the year relate wholly to continuing activities.

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

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>NON-CURRENT ASSETS</b>			
Housing properties - depreciated cost	11 (a)	25,491,724	25,795,256
Other tangible fixed assets	11 (b)	<u>22,093</u>	<u>769</u>
		25,513,817	25,796,025
<b>CURRENT ASSETS</b>			
Debtors	13	1,070,253	1,030,590
Cash at bank and in hand		<u>5,603,438</u>	<u>4,934,564</u>
		6,673,691	5,965,154
<b>CREDITORS:</b> amounts falling due within one year	14	<u>(1,832,778)</u>	<u>(1,722,411)</u>
<b>NET CURRENT ASSETS</b>		<u>4,840,913</u>	<u>4,242,743</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,354,730	30,038,768
<b>CREDITORS:</b> amounts falling due after more than one year			
housing property loans	15	(7,099,469)	(7,634,893)
<b>PROVISIONS FOR LIABILITIES</b>			
Pension - defined benefit liability	23	<u>(84,000)</u>	<u>(1,403,000)</u>
		(7,183,469)	(9,037,893)
<b>DEFERRED INCOME</b>			
Social Housing Grants	18	<u>(10,048,340)</u>	<u>(10,293,564)</u>
		<u>13,122,921</u>	<u>10,707,311</u>
<b>EQUITY</b>			
Share capital	19	73	73
Revenue reserve		<u>13,122,848</u>	<u>10,707,238</u>
		<u>13,122,921</u>	<u>10,707,311</u>

The Financial Statements were approved by the Board, authorised for issue, and signed on its behalf on 22 July 2020



Alastair Morris  
Chairperson



John Paterson  
Vice Chairperson



Heather Stirling  
Secretary

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



**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	16	<u>1,819,943</u>	<u>1,831,480</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition and construction of housing properties	(661,108)	(505,131)	
Other fixed assets additions	(30,377)	-	
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<u>(691,485)</u>	<u>(505,131)</u>
<b>NET CASH INFLOW BEFORE FINANCING</b>		1,128,458	1,326,349
<b>FINANCING ACTIVITIES</b>			
Issue of ordinary share capital	7	6	
Interest received	27,938	20,253	
Interest paid	(83,763)	(107,717)	
Loan advance received	500,000	-	
Loan principal repayments	(903,766)	(668,718)	
<b>NET CASH (OUTFLOW) FROM FINANCING</b>		<u>(459,584)</u>	<u>(756,176)</u>
<b>INCREASE IN CASH</b>		668,874	570,173
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<u>4,934,564</u>	<u>4,364,391</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<u><u>5,603,438</u></u>	<u><u>4,934,564</u></u>

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Share Capital</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
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	<u>73</u>	<u>13,122,848</u>	<u>13,122,921</u>

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

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES**

**Legal status**

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

**Basis of Accounting**

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 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.

**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.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Valuation of Housing Properties**

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 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.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

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

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

**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. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and , in particular, discount rates have fallen which would increase scheme liabilities. However, stock market performance has improved which would help to offset any increase in liabilities.

**Leases/Leased Assets**

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

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Key Judgements made in the application of Accounting Policies**

**a) The Categorisation of Housing Properties**

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

**b) Identification of cash generating units**

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

**c) Pension liability**

In May 2020 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.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

		2020			2019		
	Note	Revenue £	Operating Costs £	Operating surplus £	Revenue £	Operating Costs £	Operating surplus £
Social letting activities	3	4,574,373	(3,405,078)	1,169,295	4,445,605	(3,633,920)	811,685
Other activities	4	1,348,207	(1,276,067)	72,140	1,164,014	(1,103,885)	60,129
<b>Total</b>		<u>5,922,580</u>	<u>(4,681,145)</u>	<u>1,241,435</u>	<u>5,609,619</u>	<u>(4,737,805)</u>	<u>871,814</u>

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

	<b>General Needs Housing £</b>	<b>Supported Housing £</b>	<b>2020 Total £</b>	<b>2019 Total £</b>
<b>Revenue from lettings</b>				
Rent receivable net of identifiable service charges	3,523,748	590,857	4,114,605	4,010,454
Service charges receivable	20,693	181,167	201,860	200,509
<b>Gross rents receivable</b>	<b>3,544,441</b>	<b>772,024</b>	<b>4,316,465</b>	<b>4,210,963</b>
Less rent losses from voids	(24,785)	(7,859)	(32,644)	(36,835)
<b>Net rents receivable</b>	<b>3,519,656</b>	<b>764,165</b>	<b>4,283,821</b>	<b>4,174,128</b>
Amortisation of Social Housing & Other Grants	245,224	-	245,224	245,224
Revenue grants from local authorities and other agencies	45,328	-	45,328	26,253
<b>Total income from social letting</b>	<b><u>3,810,208</u></b>	<b><u>764,165</u></b>	<b><u>4,574,373</u></b>	<b><u>4,445,605</u></b>
<b>Expenditure on social letting activities</b>				
Management and maintenance administration costs	986,583	165,429	1,152,012	1,102,802
Service costs	19,050	166,783	185,833	179,366
Planned and cyclical maintenance including major repairs	494,427	82,905	577,332	821,977
Reactive maintenance	372,438	62,450	434,888	441,733
Bad debts - rents and service charges	5,944	997	6,941	10,998
Depreciation of social housing	826,118	138,522	964,640	946,924
Housing costs	71,630	11,802	83,432	130,120
<b>Operating costs of social letting</b>	<b><u>2,776,190</u></b>	<b><u>628,888</u></b>	<b><u>3,405,078</u></b>	<b><u>3,633,920</u></b>
<b>Operating surplus on social letting activities</b>	<b><u>1,034,018</u></b>	<b><u>135,277</u></b>	<b><u>1,169,295</u></b>	<b><u>811,685</u></b>
2019	<u>720,776</u>	<u>90,909</u>	<u>811,685</u>	



**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES**

	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs bad debts £	Operating costs other £	Operating surplus 2020 £	Operating surplus/(deficit) 2019 £
Factoring	-	-	630,886	630,886	(1,005)	(614,885)	14,996	(6,292)
Support activities	-	52,442	103,186	155,628	-	(136,588)	19,040	13,051
Other agency management services	-	-	29,803	29,803	-	(19,064)	10,739	16,342
Care and Repair	129,000	-	402,890	531,890	-	(504,525)	27,365	37,028
<b>TOTAL FROM OTHER ACTIVITIES</b>	<u>129,000</u>	<u>52,442</u>	<u>1,166,765</u>	<u>1,348,207</u>	<u>(1,005)</u>	<u>(1,275,062)</u>	<u>72,140</u>	<u>60,129</u>
<b>TOTAL FROM OTHER ACTIVITIES FOR 2019</b>	<u>-</u>	<u>52,442</u>	<u>1,111,572</u>	<u>1,164,014</u>	<u>(3,939)</u>	<u>(1,099,946)</u>	<u>60,129</u>	

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. BOARD MEMBERS AND OFFICERS EMOLUMENTS**

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

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	74,591	75,166
Emoluments payable to the Chief Executive (excluding pension contributions)	74,591	75,166
Pension contributions paid on behalf of the Chief Executive	12,291	9,471
	<hr/>	<hr/>
	<b>Number</b>	<b>Number</b>
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£70,001 - £80,000	<hr/> <u>1</u>	<hr/> <u>1</u>

Payments made to Board members during the year for reimbursement of expenses totalled £1,593 (2019 - £2,387).

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. EMPLOYEE INFORMATION**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Staff costs during the year:		
Wages and salaries	1,091,095	965,598
Social security costs	105,990	94,787
Other pension costs	173,705	167,700
Employer past service pension deficit costs	176,768	171,769
	<u>1,547,558</u>	<u>1,399,854</u>
	<b>Number</b>	<b>Number</b>
The average number of full time equivalent persons employed during the year was	<u>36</u>	<u>33</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>83,763</u>	<u>107,717</u>

**8. OTHER FINANCE CHARGES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Defined benefit pension charge	<u>32,000</u>	<u>27,000</u>

**9. OPERATING SURPLUS FOR THE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	973,693	947,555
Auditors' remuneration - audit services	9,714	9,500
Operating lease rentals - land and buildings	51,849	51,977
- other	3,416	4,244
Amortisation of capital grants	<u>245,224</u>	<u>245,224</u>

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**10. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

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

**11. NON-CURRENT ASSETS**

**a) Housing Properties**

	<b>Housing Properties Held for Letting</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>COST</b>		
At start of year	35,877,788	35,877,788
Additions	661,108	661,108
Disposals	(287,253)	(287,253)
At end of year	<u>36,251,643</u>	<u>36,251,643</u>
<b>DEPRECIATION</b>		
At start of year	10,082,532	10,082,532
Charged during year	964,640	964,640
Eliminated on disposal	(287,253)	(287,253)
At end of year	<u>10,759,919</u>	<u>10,759,919</u>
<b>NET BOOK VALUE</b>		
At end of year	<u>25,491,724</u>	<u>25,491,724</u>
At start of year	<u>25,795,256</u>	<u>25,795,256</u>

Components replaced in the year and capitalised totalled £661,108 (2019 - £505,131).

The Association's lenders have standard securities over housing properties with a carrying value of £ 9,761,948 (2019 - £ 10,135,562).

All housing property is heritable.

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**b) Other tangible assets**

	Leasehold Improvements £	Furniture & Fittings £	Total £
<b>COST</b>			
At start of year	98,255	154,721	252,976
Additions	-	30,377	30,377
Disposals	-	(6,729)	(6,729)
At end of year	<u>98,255</u>	<u>178,369</u>	<u>276,624</u>
<b>DEPRECIATION</b>			
At start of year	98,255	153,952	252,207
Charged during year	-	9,053	9,053
Disposals	-	(6,729)	(6,729)
At end of year	<u>98,255</u>	<u>156,276</u>	<u>254,531</u>
<b>NET BOOK VALUE</b>			
At end of year	<u>-</u>	<u>22,093</u>	<u>22,093</u>
At start of year	<u>-</u>	<u>769</u>	<u>769</u>

**12. COMMITMENTS UNDER OPERATING LEASES**

	2020 £	2019 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,648	25,359
Later than one year and not later than five years	<u>1,822</u>	<u>2,864</u>
	<u>4,470</u>	<u>28,223</u>

**13. DEBTORS**

	2020 £	2019 £
Arrears of Rent & Service Charges	172,579	162,277
Less: Provision for Doubtful Debts	<u>(24,594)</u>	<u>(33,874)</u>
	147,985	128,403
Other Debtors	206,737	278,690
Prepayments and accrued income	<u>715,531</u>	<u>623,497</u>
	<u>1,070,253</u>	<u>1,030,590</u>

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Housing Loans	816,987	785,329
Concessionary Loans	187,470	87,470
Trade Payables	160,988	158,625
Rent in Advance	59,204	80,309
Other Taxation and Social Security	56,106	53,799
Other Payables	99,977	94,620
Accruals and Deferred Income	452,046	462,259
	<u>1,832,778</u>	<u>1,722,411</u>

Outstanding pension contributions at the year-end were £17,904 (2019: £17,398).

**15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Concessionary loans	1,024,872	712,342
Housing loans	<u>6,074,597</u>	<u>6,922,551</u>
	<u>7,099,469</u>	<u>7,634,893</u>

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

Loans are secured by specific charges on the Association's properties. All of the Association's bank borrowings are repayable on a quarterly basis with the principal being amortised over the term of the loans. Interest is payable at variable rates of 1.15%, 0.98% and 0.97% which produce a weighted average of 1.09%.

The Bank loans are repayable as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Between one and two years	620,819	816,787
Between two and five years	2,554,175	2,704,491
In five years or more	<u>2,899,603</u>	<u>3,401,273</u>
	<u>6,074,597</u>	<u>6,922,551</u>

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

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

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

The concessionary loans are repayable as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Between one and two years	187,470	87,470
Between two and five years	562,411	262,411
In five years or more	274,991	362,461
	<u>1,024,872</u>	<u>712,342</u>

**16. STATEMENT OF CASH FLOWS**

Reconciliation of operating surplus to balance as at 31 March 2020

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating Surplus	1,241,435	871,814
Depreciation	973,693	947,555
Amortisation of Capital Grants	(245,224)	(245,224)
Change in debtors	(39,663)	566,096
Change in creditors	(21,291)	(209,757)
Movement in Pension Liability	(89,000)	(99,000)
Cancelled Shares	(7)	(4)
	<u>1,819,943</u>	<u>1,831,480</u>

**17. ANALYSIS OF CHANGES IN NET DEBT**

Reconciliation of net debt as at 31 March 2020

	<b>1 April</b>	<b>Cash flows</b>	<b>31 March</b>
	<b>2019</b>		<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	4,934,564	668,874	5,603,438
Bank loans	(7,707,880)	816,296	(6,891,584)
Concessionary Loans	(799,812)	(412,530)	(1,212,342)
	<u>(3,573,128)</u>	<u>1,072,640</u>	<u>(2,500,488)</u>

**BRIDGEWATER HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**  
**NOTES TO THE FINANCIAL STATEMENTS**

**18. DEFERRED INCOME**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Social Housing Grants</b>		
Balance as at 1 April 2019	10,293,564	10,538,788
Amortisation in Year	(245,224)	(245,224)
Balance as at 31 March 2020	<u>10,048,340</u>	<u>10,293,564</u>

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	9,803,116	10,048,340
	<u>10,048,340</u>	<u>10,293,564</u>

**19. RESERVES**

<b>Share Capital</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each Issued and Fully Paid</b>		
At 1 April 2019	73	71
Issued in year	7	6
Cancelled in year	(7)	(4)
At 31 March 2020	<u>73</u>	<u>73</u>

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

<b>Reserves</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 April 2019	10,707,238	10,762,888
Surplus for year	2,415,610	757,350
SHAPS pension adjustment	-	(813,000)
At 31 March 2020	<u>13,122,848</u>	<u>10,707,238</u>



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**20. HOUSING STOCK**

The number of units of accommodation in management at the year-end was:-	<b>2020</b> <b>No.</b>	<b>2019</b> <b>No.</b>
General Needs	701	701
Supported Housing	150	150
Managed Properties	<u>7</u>	<u>7</u>
	<u><u>858</u></u>	<u><u>858</u></u>

**21. RELATED PARTY TRANSACTIONS**

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

- 6 Members are tenants of the Association
- 3 Members are factored owners
- Board members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board members were as follows:

- Rent Received from Tenants on the Board – £32,661 (2019: £32,964).
- Factoring income received from Owner Occupiers on the Board - £602 (2019: £635).
- At the year-end total rent arrears owed by the Tenant members of the Board were – £240 (2019: £234).
- At the year-end total factoring arrears owed by Owner Occupiers of the Board were - £Nil (2019: £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 1<sup>st</sup> 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.

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**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 Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019.

Pension Scheme Liability movements:

	<b>2020</b>	<b>2019</b>
	<b>(£000s)</b>	<b>(£000s)</b>
As at 1 April 2019	1,403	662
De-recognition of deficit funding liability	-	(662)
Recognition of defined benefit obligation	-	1,070
Current Service Cost	253	233
Net Interest expense	32	27
Expenses	5	5
Deficit Contributions Paid	(347)	(337)
Impact of change in assumptions	(1,262)	405
As at 31 March 2020	<u>84</u>	<u>1,403</u>

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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 2020	31 March 2019
	(£000s)	(£000s)
Fair value of plan assets	7,545	6,734
Present value of defined benefit obligation	7,629	8,137
Surplus (deficit) in plan	(84)	(1,403)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(84)	(1,403)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Period ended	Period ended
	31 March 2020	31 March 2019
	(£000s)	(£000s)
Defined benefit obligation at start of period	8,137	7,172
Current service cost	253	233
Expenses	5	5
Interest expense	192	188
Contributions by plan participants	31	27
Actuarial losses (gains) due to scheme experience	64	24
Actuarial losses (gains) due to changes in demographic assumptions	(47)	21
Actuarial losses (gains) due to changes in financial assumptions	(886)	556
Benefits paid and expenses	(120)	(89)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	7,629	8,137

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

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

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	6,734	6,102
Interest income	160	161
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	393	196
Contributions by the employer	347	337
Contributions by plan participants	31	27
Benefits paid and expenses	(120)	(89)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	7,545	6,734

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £553,000.

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

	Period from 31 March 2019 to 31 March 2020 (£000s)	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	253	233
Expenses	5	5
Net interest expense	32	27
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	290	265

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	393	196
Experience gains and losses arising on the plan liabilities - gain (loss)	(64)	(24)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	47	(21)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	886	(556)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	1,262	(405)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	1,262	(405)

**ASSETS**

	31 March 2020 (£000s)	31 March 2019 (£000s)
Global Equity	1,038	1,083
Absolute Return	463	570
Distressed Opportunities	138	115
Credit Relative Value	181	117
Alternative Risk Premia	605	376
Fund of Hedge Funds	-	19
Emerging Markets Debt	268	216
Risk Sharing	239	195
Insurance-Linked Securities	202	175
Property	141	134
Infrastructure	445	282
Private Debt	149	87
Opportunistic Illiquid Credit	184	-
Corporate Bond Fund	551	472
Liquid Credit	198	-
Long Lease Property	184	82
Secured Income	419	235
Over 15 Year Gilts	96	173
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,987	2,396
Net Current Assets	57	7
Total assets	7,545	6,734

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 2020	31 March 2019
	% per annum	% per annum
Discount Rate	2.38	2.33
Inflation (RPI)	2.62	3.28
Inflation (CPI)	1.62	2.28
Salary Growth	2.62	3.28
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

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. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and, in particular, discount rates have fallen which would increase scheme liabilities. However, stock market performance has improved which would help to offset any increase in liabilities.