



Alexander Sloan
Accountants and Business Advisers

Bridgewater Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2023

Registered Social Landlord No. HAL301

FCA Reference No.2525R(S)

Scottish Charity No. SC035819

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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BRIDGEWATER HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

Board

Alastair Morris	Chairperson
John Paterson	Vice Chairperson
Heather Stirling	Secretary
Angela Westrop	Resigned 30 August 2022
Frank Bradley	
Robert McNally	
Aileen Naismith	
Ken McIntosh	
Denise Love	
Suzanne Austin	
Steve Webster	Resigned 30 August 2022
Ken Caldwell	Co-opted 26 October 2022
Jim O'Neil	Co-opted 1 March 2023

Executive Officers

Ian McLean	Chief Executive (retired 29/04/22)
Andy Thomson	Chief Executive (appointed 02/05/22)
Scott Currie	Head of Corporate Services
Gary Stapleton	Technical Manager (retired 29/06/22)
Steven Ferrie	Head of Property Services (appointed 02/08/22)
Ruth Brogan	Head of Housing & Customer Engagement
Angie Kennedy	Head of Finance

Registered Office (until 14 August 2023)

1st Floor
Bridgewater Shopping Centre
Erskine, PA8 7AA

Registered Office (from 14 August 2023)

Ground Floor West
India of Inchinnan
Greenock Road
Inchinnan, Renfrew, PA4 9LH

External Auditors

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

Internal Auditors

Wylie & Bisset
168 Bath Street
Glasgow
G2 4TP

Bankers

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

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

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

Solicitors

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

MacRoberts LLP
Capella
60 York Street
Glasgow, G2 8JX

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2023

The Board presents its report and the financial statements for the year ended 31 March 2023.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 2525RS), the Scottish Housing Regulator as a registered social landlord (No. HAL301) under the Housing (Scotland) Act 2010 and as 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.
- Delivering under contract, the Care and Repair service for Renfrewshire, East Renfrewshire and Inverclyde Local Authorities.
- The provision of a Supported Housing Service to older and or vulnerable 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 and Future Developments

We have survived COVID-19 and the challenges that this brought, now being exacerbated by the cost of living and energy crises, which have worsened the social-economic inequalities that exist for our customers and across wider society. With new leadership within the Association, we have been focussing on continuing to provide high-quality services whilst undertaking a business planning review which resulted in the development of a new business plan for the Association and a proposed new staffing structure. We must now focus our strategy to both build on what the pandemic and financial crises have taught us about our resilience, capability and capacity as an organisation, but also help improve the ongoing financial situation of the tenants we serve as a social landlord and other customers as care and repair agent and factor.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (continued) FOR THE YEAR ENDED 31 MARCH 2023

Our community activities included funding, supporting and accessing a range of initiatives during 2022/23 including financial assistance for those affected by the energy crises, tenancy support services, energy advice and various funds applied for specifically related to the financial and energy crises – the Social Housing Fuel Support Fund and the Supporting Communities Fund. Our staff reacted to the needs of the communities and highlighted access to the various initiatives and funds on offer.

In May 2022 Bridgewater opened their doors fully with no appointment required which really did feel like we were returning to a pre-pandemic situation. We were keen to send a message out that we were here for people and while precautions were still required, there was and is no reason why we cannot openly engage with customers.

We launched our customer portal “MyBHA” in December 2022 which allows tenants and owners to fully access and manage their accounts with the Association including checking balances, making payments, reporting repairs or completing general tenancy request forms. Look out for improvements to this service in the coming years which will allow the Association to provide a fully 365-day 24/7 service to our customers.

Also, during 2022 the Board carried out a review of the Association's services and office accommodation and took the decision that we would reluctantly have to leave Bridgewater Shopping Centre as the office accommodation was no longer suitable for our needs. The Association will shortly confirm plans for relocation to nearby office space.

Repairs and Maintenance

Although lockdowns were now over, the financial crisis had an impact on material costs and availability of repairs contractors which meant we were forced to continue to restrict some of our maintenance activity, but a great deal was still completed in the last financial year. During the year our main contractor terminated their contract which led to the contract being retendered to another contractor – Consilium who terminated the contract just a few months later. Board took the decision to use smaller, local contractors for a period of 12 months until we could assess the operational market whilst continuing to provide uninterrupted services to our tenants.

As well as this there has been huge investment carrying out other replacements and improvements across our housing stock, including –

Kitchens 42 homes
Radiators and Pipework 0 homes
Boiler replacements 5 homes
Full Community Alarm System Upgraded – 26 homes
Bathrooms 7 homes
Windows 2 homes
Full rewiring 3 homes
Medical Adaptations 14 homes
Painterwork 34 homes & 46 closes
Electrical Installation Checks 180 homes
Smoke Detector Upgrades 145 homes

The above work alone was at a cost of £449,236.88.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (continued) FOR THE YEAR ENDED 31 MARCH 2023

Housing Management

The Association's arrears increased during the financial year with gross rental arrears sitting at 3.4%. This is against a backdrop of the cost of living and energy crises impacting our tenants' incomes and the restrictions implemented by the Scottish Government on rent increases and legal action.

Over the year, 71 properties were relet, with the average time to re-let properties reducing significantly from the previous financial year to 63 days, meaning that our rent loss from voids also reduced to 1.32%. However, this is still higher than we would like, and a proposed restructuring of staff and system improvements will focus on improving performance in these areas of the business.

Landscape Maintenance

The quality of landscape maintenance throughout 2022/23 has continued to be of a high standard. Challenges arising from the cost of living crisis and the availability of landscaping contractor staff did impact on the programme, however, disruption was kept to a minimum due to our intensive contract monitoring processes.

Factoring

Bridgewater provides a factoring service to 2,686 house and flat owners in Erskine. House owners receive an annual bill for maintenance to common areas such as landscaping, car parks, footpaths and common retaining/boundary walls. The Association has been investing heavily in the factoring service over the last financial year including the introduction of the MyBHA customer portal. Owners will hopefully see this investment bear fruit over the coming years.

Care and Repair

Care & Repair has during 2022/23 again shown impressive performance levels with completion levels exceeding overall targets. All three funding local authorities are delighted with output. Last year saw the completion of a 12 month negotiated extended contract with Renfrewshire and East Renfrewshire Councils, who have entered into another 12 month agreement, as well as the completion of year 2 of the contract with Inverclyde Council, who have utilised the option to extend for a further 2 years.

Governance

The Association is regulated by the Scottish Housing Regulator and managed by a voluntary elected Board of Management. The Board is supported by the work of both internal and external auditors. The Board is charged with overseeing the management of the Association and monitoring its financial and non-financial performance.

Our 4th compliant Assurance Statement was delivered supported by self-assessment detail against the regulatory standards of governance and financial management, and the annual review of our Board Members. The Board invest their own time to commit their skills, experience, and knowledge to ensure that the governance of Bridgewater is robust and that there is a clear strategic direction for the Organisation. This is all in a voluntary capacity and working on behalf of the members, they ensure that Bridgewater is well managed and controlled and delivering the necessary outputs required and in compliance with legislative and regulatory standards.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (continued) FOR THE YEAR ENDED 31 MARCH 2023

The Association was deeply saddened to announce the sudden passing of former Chairperson and Board Member, Hugh Cameron; Hugh was a well-known and highly respected figure in the voluntary housing movement in Scotland, he was first elected to our Board of Management in 2012 and was a regular attendee at conferences and seminars representing the Association with assurance. The Board and staff send our condolences to Hugh's family and many friends.

Looking ahead

In May, our longstanding Chief Executive, Ian McLean retired from his role at the Association. Ian was replaced by Andy Thomson, who was appointed following an extensive options appraisal and recruitment process and comes from Cloch Housing Association in Greenock. In addition, our Head of Technical Services, Gary Stapleton also retired from the Leadership Team; he was replaced by Steven Ferrie, our new Head of Property Services.

Significant time and resources were spent by staff and the Board in developing our new business plan for 2023-2028. To deliver this plan we will need to work with our tenants and customers, colleagues, partners and other stakeholders. We will continue to protect the financial strength of the Organisation and ensure it is stronger for the future, despite the challenges the current cost of living crisis and recession may present.

Board and Executive Officers

The members of the Board and the Executive officers are listed on page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board.

The members of the Board are also trustees of the charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year that 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 period. 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (continued) FOR THE YEAR ENDED 31 MARCH 2023

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 them 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.

Going Concern

Based on its budgetary and forecasting processes the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement on Internal Financial Control

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

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

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 leadership 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;
- 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;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

BRIDEWATER HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD (continued) FOR THE YEAR ENDED 31 MARCH 2023

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2023. 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.

Disclosure of Information to the Auditor

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Board

Heather Stirling

Heather Stirling

Secretary
23 August 2023

BRIDGEWATER HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 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 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 of Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice 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 Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
23 August 2023



BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Bridgewater Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2023 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other 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 audit opinion.

Conclusions relating to going concern

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

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

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

Other Information

The Board is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. 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 MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Other Information (Contd.)

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 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position 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 the Board

As explained more fully in the statement of Board's responsibilities as set out on page 5, 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 the 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 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIDGEWATER HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Board Members and other management and the inspection of regulatory and legal correspondence, if any.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 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.

Alexander Sloan

ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
23 August 2023



BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Revenue	2	6,230,879	6,007,029
Operating costs	2	5,274,347	4,807,380
OPERATING SURPLUS		956,532	1,199,649
Interest receivable and other income		38,392	3,263
Interest payable and similar charges	7	(86,457)	(34,211)
Other Finance income/(charges)	10	-	(18,000)
		(48,065)	(48,948)
SURPLUS FOR THE YEAR		908,467	1,150,701
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	17	(376,000)	620,000
TOTAL COMPREHENSIVE INCOME		532,467	1,770,701

The results relate wholly to continuing activities.

The notes on pages 17 to 36 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		24,067,337		24,767,139
Other tangible assets	11		31,531		11,983
			<u>24,098,868</u>		<u>24,779,122</u>
CURRENT ASSETS					
Receivables	12	1,145,700		1,219,668	
Cash and cash equivalents	13	6,358,975		5,922,156	
			<u>7,504,675</u>	<u>7,141,824</u>	
CREDITORS: Amounts falling due within one year	14	(2,459,547)		(2,285,758)	
NET CURRENT ASSETS			<u>5,045,128</u>		<u>4,856,066</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			29,143,996		29,635,188
CREDITORS: Amounts falling due after more than one year	15		(4,005,353)		(5,006,538)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	17	(305,000)		(61,000)	
			<u>(305,000)</u>	<u>(61,000)</u>	<u>(61,000)</u>
DEFERRED INCOME					
Social housing grants	18	(9,291,426)		(9,557,892)	
			<u>(9,291,426)</u>	<u>(9,557,892)</u>	<u>(9,557,892)</u>
NET ASSETS			<u>15,542,217</u>		<u>15,009,758</u>
EQUITY					
Share capital	19		50		58
Revenue reserves			15,847,167		15,070,700
Pension reserves			(305,000)		(61,000)
			<u>15,542,217</u>		<u>15,009,758</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 23 August 2023.

Alastair Morris

Board Member

John Paterson

Board Member

Heather Stirling

Secretary

The notes on pages 17 to 36 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
Surplus for the Year			908,467		1,150,701
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	959,383		1,012,404	
Amortisation of capital grants	18	(266,466)		(245,224)	
Non-cash adjustments to pension provisions		(132,000)		(255,000)	
Share capital written off	19	(10)		(5)	
			560,907		512,175
Interest receivable			(38,392)		(3,263)
Interest payable	7		86,457		34,211
Operating cash flows before movements in working capital			1,517,439		1,693,824
Change in debtors		73,968		(6,138)	
Change in creditors		192,504		236,701	
			266,472		230,563
Net cash inflow from operating activities			1,783,911		1,924,387
Investing Activities					
Acquisition and construction of properties		(240,748)		(985,440)	
Purchase of other fixed assets		(38,381)		(10,997)	
Net cash outflow from investing activities			(279,129)		(996,437)
Financing Activities					
Interest received on cash and cash equivalents		38,392		3,263	
Interest paid on loans		(86,457)		(34,211)	
Loan principal repayments		(1,019,900)		(1,040,379)	
Share capital issued	19	2		-	
Net cash outflow from financing activities			(1,067,963)		(1,071,327)
Increase/(decrease) in cash	20		436,819		(143,377)
Opening cash & cash equivalents			5,922,156		6,065,533
Closing cash & cash equivalents			6,358,975		5,922,156
Cash and cash equivalents as at 31 March					
Cash	20		6,358,975		5,922,156
			6,358,975		5,922,156

The notes on pages 17 to 36 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2021	63	(936,000)	14,174,999	13,239,062
Cancellation of Shares	(5)	-	-	(5)
Other comprehensive income	-	620,000	-	620,000
Other movements	-	255,000	(255,000)	-
Surplus for the year	-	-	1,150,701	1,150,701
Balance as at 31 March 2022	58	(61,000)	15,070,700	15,009,758
Balance as at 1 April 2022	58	(61,000)	15,070,700	15,009,758
Issue of Shares	2	-	-	2
Cancellation of Shares	(10)	-	-	(10)
Other comprehensive income	-	(376,000)	-	(376,000)
Other movements	-	132,000	(132,000)	-
Surplus for the year	-	-	908,467	908,467
Balance as at 31 March 2023	50	(305,000)	15,847,167	15,542,217

The notes on pages 17 to 36 form an integral part of these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were 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. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

Revenue

Revenue comprises rental and service charge income receivable in the period, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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 they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS), a multi-employer defined benefit scheme. 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

On the basis that the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
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 Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Leasehold improvements	Over remaining life of lease
Office equipment	20%
Fixtures and fittings	15%
Computer equipment	33.3%
Motor vehicles	25%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

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 they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

The Association is a Scottish Charity and is not liable to taxation on its charitable activities.

Leases

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 or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Property Development Cost

Property developments that are intended for resale are included in current assets until disposal.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments 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.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that cannot be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the 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.

Key Judgements

a) 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 Board considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Board has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust has developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. Judgements relating to the benefits issue are included in Note 26.

e) Concessionary Loan

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

Estimation Uncertainty

a) 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.

b) 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.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	2023		2022			
		Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
		£	£	£	£	£	£
Affordable letting activities	3	4,848,171	3,935,856	912,315	4,596,232	3,493,725	1,102,507
Other Activities	4	1,382,708	1,338,491	44,217	1,410,797	1,313,655	97,142
Total		6,230,879	5,274,347	956,532	6,007,029	4,807,380	1,199,649

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing	Supported Housing	Shared Ownership	2023 Total	2022 Total
	£	£	£	£	£
Revenue from Lettings					
Rent receivable net of service charges	3,714,412	622,828	-	4,337,240	4,206,194
Service charges receivable	21,989	163,495	-	185,484	171,717
Gross income from rent and service charges	3,736,401	786,323	-	4,522,724	4,377,911
Less: Rent losses from voids	70,656	7,859	-	78,515	103,632
Income from rents and service charges	3,665,745	778,464	-	4,444,209	4,274,279
Grants released from deferred income	266,466	-	-	266,466	245,224
Revenue grants from Scottish Ministers	35,874	-	-	35,874	76,729
Other revenue grants	101,622	-	-	101,622	-
Total turnover from affordable letting activities	4,069,707	778,464	-	4,848,171	4,596,232
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,183,163	198,246	-	1,381,409	1,200,358
Service costs	33,218	246,984	-	280,202	158,981
Planned and cyclical maintenance, including major repairs	550,602	92,324	-	642,926	604,923
Reactive maintenance costs	547,268	91,765	-	639,033	546,235
Bad Debts - rents and service charges	44,307	7,429	-	51,736	(16,927)
Depreciation of affordable let properties	805,487	135,063	-	940,550	1,000,155
Operating costs of affordable letting activities	3,164,045	771,811	-	3,935,856	3,493,725
Operating surplus on affordable letting activities	905,662	6,653	-	912,315	1,102,507
2022	973,899	128,608	-		

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2023	Operating surplus / (deficit) 2022
	£	£	£	£	£	£	£	£	£
Care and repair	-	130,500	-	479,555	610,055	-	553,050	57,005	69,147
Factoring	-	-	-	585,930	585,930	(1,749)	590,342	(2,663)	10,990
Support activities	-	-	52,320	105,351	157,671	-	173,961	(16,290)	11,906
Other activities	-	-	-	29,052	29,052	-	22,887	6,165	5,099
Total From Other Activities	-	130,500	52,320	1,199,888	1,382,708	(1,749)	1,340,240	44,217	97,142
2022	-	129,000	52,320	1,229,477	1,410,797	(129)	1,313,784	97,142	

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2023 £	2022 £
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>63,577</u>	<u>64,384</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>16,313</u>	<u>22,090</u>
Emoluments payable to Chief Executive (excluding pension contributions)	63,577	64,384
Pension contributions paid on behalf of the Chief Executive	16,313	22,090
Total emoluments payable to the Chief Executive	<u>79,890</u>	<u>86,474</u>
Total emoluments paid to key management personnel	<u>301,696</u>	<u>317,672</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	-	2
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1

6. EMPLOYEE INFORMATION

	2023 No.	2022 No.
Average monthly number of full time equivalent persons employed during the year	<u>32</u>	<u>32</u>
Average total number of employees employed during the year	<u>35</u>	<u>36</u>
Staff costs were:	£	£
Wages and salaries	1,106,592	1,082,335
National insurance costs	139,549	111,504
Pension costs	264,408	269,971
	<u>1,510,549</u>	<u>1,463,810</u>

During the year, the Association made past service deficit pension payments of £139,636 (2022: £227,057).

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
On bank loans and overdrafts	86,457	34,211
	<u>86,457</u>	<u>34,211</u>

8. SURPLUS FOR THE YEAR

	2023	2022
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	959,383	1,012,404
Auditors' remuneration - audit services	10,500	9,600
Auditors' remuneration - other services	1,800	-
Operating lease rentals - land & buildings	-	51,849
Operating lease rentals - other	1,591	1,591
	<u>1,591</u>	<u>1,591</u>

9. CORPORATION TAX

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

10. OTHER FINANCE INCOME / (CHARGES)

	2023	2022
	£	£
Net interest on pension obligations	-	(18,000)
	<u>-</u>	<u>(18,000)</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Other Housing Property category £	Total £
COST					
At 1 April 2022	37,240,734	-	-	-	37,240,734
Additions	238,920	1,443	-	-	240,363
Disposals	(79,542)	-	-	-	(79,542)
Transfers	-	-	-	-	-
At 31 March 2023	<u>37,400,112</u>	<u>1,443</u>	<u>-</u>	<u>-</u>	<u>37,401,555</u>
DEPRECIATION					
At 1 April 2022	12,473,595	-	-	-	12,473,595
Charge for Year	940,550	-	-	-	940,550
Transfers	-	-	-	-	-
Disposals	(79,927)	-	-	-	(79,927)
At 31 March 2023	<u>13,334,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,334,218</u>
NET BOOK VALUE					
At 31 March 2023	<u>24,065,894</u>	<u>1,443</u>	<u>-</u>	<u>-</u>	<u>24,067,337</u>
At 31 March 2022	<u>24,767,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,767,139</u>

Expenditure on Existing Properties	2023		2022	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	238,920	-	985,440	-
Amounts charged to the statement of comprehensive income	-	1,281,959	-	1,151,158
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £9,728,515 (2022 - £9,926,484)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Leasehold Improvements £	Furniture & Equipment £	Motor Vehicles £	Computer Equipment £	Total £
COST					
At 1 April 2022	98,255	112,928	18,608	57,830	287,621
Additions	-	-	27,281	11,100	38,381
Eliminated on disposals	-	(18,766)	-	(6,041)	(24,807)
At 31 March 2023	<u>98,255</u>	<u>94,162</u>	<u>45,889</u>	<u>62,889</u>	<u>301,195</u>
DEPRECIATION					
At 1 April 2022	98,255	112,928	13,956	50,499	275,638
Charge for year	-	-	11,472	7,361	18,833
Eliminated on disposals	-	(18,766)	-	(6,041)	(24,807)
At 31 March 2023	<u>98,255</u>	<u>94,162</u>	<u>25,428</u>	<u>51,819</u>	<u>269,664</u>
NET BOOK VALUE					
At 31 March 2023	<u>-</u>	<u>-</u>	<u>20,461</u>	<u>11,070</u>	<u>31,531</u>
At 31 March 2022	<u>-</u>	<u>-</u>	<u>4,652</u>	<u>7,331</u>	<u>11,983</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2023	2022
	£	£
Gross arrears of rent and service charges	226,834	233,450
Less: Provision for doubtful debts	(119,738)	(81,672)
<i>Net arrears of rent and service charges</i>	107,096	151,778
Other receivables	1,038,604	1,067,890
	<u>1,145,700</u>	<u>1,219,668</u>

13. CASH AND CASH EQUIVALENTS

	2023	2022
	£	£
Cash at bank and in hand	6,358,975	5,922,156
	<u>6,358,975</u>	<u>5,922,156</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans	824,236	842,951
Concessionary loans	187,470	187,470
Trade payables	572,935	360,975
Rent received in advance	96,301	96,076
Other taxation and social security	63,621	62,587
Other payables	109,902	109,709
Accruals and deferred income	605,082	625,990
	<u>2,459,547</u>	<u>2,285,758</u>

15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans	3,542,893	4,356,608
Concessionary loans	462,460	649,930
	<u>4,005,353</u>	<u>5,006,538</u>

16. DEBT ANALYSIS - BORROWINGS

	2023	2022
	£	£
Bank Loans		
Amounts due within one year	824,236	842,951
Amounts due in one year or more but less than two years	846,453	851,978
Amounts due in two years or more but less than five years	2,696,440	3,504,630
	<u>4,367,129</u>	<u>5,199,559</u>

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 fixed rates of 1.08%, and 1.09% and a variable rate of 2.99% which produce a weighted average of 1.71%.

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 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Bridgewater Housing Association Limited participates in the Scottish Housing Association 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 pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2023	2022	2021
	£	£	£
Fair value of plan assets	5,458,000	8,652,000	8,485,000
Present value of defined benefit obligation	5,763,000	8,713,000	9,421,000
Surplus / (deficit) in plan	(305,000)	(61,000)	(936,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(305,000)	(61,000)	(936,000)

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2023	2022
	£	£
Defined benefit obligation at the start of period	8,713,000	9,421,000
Current service cost	-	143,000
Expenses	8,000	7,000
Interest expense	237,000	199,000
Contributions by plan participants	-	12,000
Actuarial losses (gains) due to scheme experience	(290,000)	389,000
Actuarial losses (gains) due to changes in demographic assumptions	(127,000)	27,000
Actuarial losses (gains) due to changes in financial assumptions	(2,360,000)	(740,000)
Benefits paid and expenses	(418,000)	(745,000)
Defined benefit obligation at the end of period	<u>5,763,000</u>	<u>8,713,000</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2023	2022
	£	£
Fair value of plan assets at start of period	8,652,000	8,485,000
Interest income	237,000	181,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(3,153,000)	296,000
Contributions by the employer	140,000	423,000
Contributions by plan participants	-	12,000
Benefits paid and expenses	(418,000)	(745,000)
Fair value of plan assets at the end of period	<u>5,458,000</u>	<u>8,652,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was (£2,916,000).

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2023	2022
	£	£
Current service cost	-	143,000
Expenses	8,000	7,000
Net interest expense	-	18,000
	<u>8,000</u>	<u>168,000</u>
Defined benefit costs recognised in statement of comprehensive income	<u>8,000</u>	<u>168,000</u>

Defined benefit costs recognised in the other comprehensive income

	2023	2022
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(3,153,000)	296,000
Experience gains and losses arising on plan liabilities - gain /(loss)	290,000	(389,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	127,000	(27,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	2,360,000	740,000
	<u>(376,000)</u>	<u>620,000</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>(376,000)</u>	<u>620,000</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>(376,000)</u>	<u>620,000</u>

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2023	2022	2021
	£	£	£
Absolute Return	74,000	397,000	418,000
Alternative Risk Premia	32,000	357,000	340,000
Corporate Bond Fund	7,000	547,000	640,000
Credit Relative Value	208,000	278,000	245,000
Distressed Opportunities	168,000	310,000	290,000
Emerging Markets Debt	42,000	322,000	342,000
Opportunistic Credit	-	30,000	232,000
Global Equity	144,000	1,711,000	1,313,000
Liquid Credit	-	55,000	147,000
Infrastructure	588,000	540,000	474,000
Insurance-Linked Securities	152,000	181,000	177,000
Liability Driven Investment	2,312,000	2,094,000	2,040,000
Long Lease Property	183,000	249,000	197,000
Net Current Assets	12,000	28,000	63,000
Over 15 Year Gilts	-	4,000	4,000
Private Debt	244,000	218,000	200,000
Property	227,000	224,000	152,000
Risk Sharing	398,000	282,000	303,000
Secured Income	365,000	462,000	466,000
Opportunistic Illiquid Credit	241,000	287,000	217,000
High Yield	28,000	84,000	222,000
Cash	23,000	24,000	3,000
Currency hedging	10,000	(32,000)	-
Total assets	5,458,000	8,652,000	8,485,000

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

Key Assumptions

	2023	2022	2021
Discount Rate	4.9%	2.8%	2.2%
Inflation (RPI)	3.2%	3.6%	3.3%
Inflation (CPI)	2.8%	3.2%	2.9%
Salary Growth	3.8%	4.2%	3.9%

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	24.4

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
Capital grants received				
At 1 April 2022	9,557,892	-	-	9,557,892
At 31 March 2023	9,557,892	-	-	9,557,892
Amortisation				
Amortisation in year	266,466	-	-	266,466
Net book value				
At 31 March 2023	9,291,426	-	-	9,291,426
At 31 March 2022	9,557,892	-	-	9,557,892

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2023 £	2022 £
Amounts due within one year	266,466	245,224
Amounts due in more than one year	9,024,960	9,312,668
	9,291,426	9,557,892

19. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2023 £	2022 £
At 1 April	58	63
Issued in year	2	-
Cancelled in year	(10)	(5)
At 31 March	50	58

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. 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.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. CASH FLOWS

Reconciliation of net cash flow to movement in net funds

	£	2023 £	£	2022 £
Increase / (decrease) in cash	436,819		(143,377)	
Cashflow from change in net debt	1,019,902		1,040,382	
Movement in net funds/(debt) in the year		1,456,721		897,005
Net funds/(debt) at 1 April		(114,803)		(1,011,808)
Net funds/(debt) at 31 March		1,341,918		(114,803)

<i>Analysis of changes in net funds</i>	<i>At</i> <i>01 April 2022</i>	<i>Cashflows</i>	<i>Other</i> <i>Changes</i>	<i>At</i> <i>31 March 2023</i>
	£	£	£	£
Cash and cash equivalents	5,922,156	436,819	-	6,358,975
	5,922,156	436,819	-	6,358,975
Debt: Due within one year	(1,030,421)	1,019,902	(1,001,187)	(1,011,706)
Due after more than one year	(5,006,538)	-	1,001,187	(4,005,353)
Net funds	(114,803)	1,456,721	-	1,341,916

21. COMMITMENTS UNDER OPERATING LEASES

	2023 £	2022 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	1,591	1,591
Expiring later than one year and not later than five years	796	1,895

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 1st Floor , Bridgewater Shopping Centre, Erskine, PA8 7AA. From 14th August 2023, the principal place of business is Ground Floor West, India of Inchinnan, Greenock Road, Inchinnan, Renfrew, PA4 9LH.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Erskine.

23. BOARD MEMBER EMOLUMENTS

Board members received £225 (2022 - £26) in the year by way of reimbursement of expenses. No remuneration is paid to members in respect of their duties to the Association.

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2023 No.	2022 No.
General needs	701	701
Supported housing	150	150
Managed properties	7	7
	<u>858</u>	<u>858</u>

25. RELATED PARTY TRANSACTIONS

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 102.

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 (and their close family) were as follows:

	2023 £	2022 £
Rent received from tenants on the Board and their close family members	<u>26,360</u>	<u>25,593</u>
Factoring charges received from factored owners on the Board and their close family members	<u>235</u>	<u>661</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £770 (2022 - £245).

At the year end total factoring arrears owed by owner occupiers on the Board (and their close family) were £nil (2022 - £228).

Members of the Board who are tenants	5	5
Members of the Board who are owner occupiers	1	2

BRIDGEWATER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. CONTINGENT LIABILITY

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.