



Alexander Sloan
Accountants and Business Advisers

Blairtummock Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HCB216

FCA Reference No. 2354R(S)

Scottish Charity No. SC036997

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31 MARCH 2019

MANAGEMENT COMMITTEE

Margaret Pirrie	Chairperson
Patricia Aitken	Secretary from April 2019
Catherine Black	Treasurer
Elizabeth McGill	
Tracey Slaven	
Yvonne Crockett	
John Wilkie	
Andrea McLachlan	
Lisa Hotchkiss	
Gary Wood	
Thomas Smith	
Mary Catherine Mulligan	(Deceased April 2019)

EXECUTIVE OFFICERS

Jacqui O'Rourke	Director
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REGISTERED OFFICE

45 Boyndie Street
Glasgow
G34 9JL

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

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

BANKERS

Clydesdale Bank plc
47 Main Street
Ballieston
Glasgow
G68 6SQ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA
G1 3PE

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2354R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036997.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

The year to the 31 March 2019 has been a very busy period for the Association as we completed another backcourt modernisation, which included improving bin provision, incorporating bulk storage, seating and drying areas. We also commenced a programme of kitchen and boiler replacement, which will continue into 2019/20.

We also began a programme of replacing smoke and heat alarms, to meet the requirements of the new legislation and this will also continue throughout 2019/20 till we are 100% compliant.

The Management Committee of Blairtummock Housing Association continues to monitor all areas of the business, retains close control of the financial affairs and has reviewed investments and loans to ensure that the Association receives the best return for its investment in light of current low interest rates. The Management Committee regularly reviews the medium and long term financial projections to ensure the viability of the organisation. This resulted in the Association paying off two loans earlier than planned.

Staff constantly monitor costs to ensure we are receiving value for money in relation to all aspects of the business. The Management Committee also ensure that the covenants which we agreed with our lenders are monitored and complied with.

The Management Committee reviewed the Business Plan and have agreed our Resource Plans for 2019/20 and will continue to review and monitor the 30 year plan to ensure that our homes are maintained to a high standard.

Staff have been closely monitoring the impact of Universal Credit/Welfare Reforms and have been reporting on this to the Management Committee. The Association also increased the provision of Welfare Rights during 2018/19 to assist tenants who are facing financial difficulties.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Despite the challenges we have continued to achieve positive outcomes including:

- 99.7% customer satisfaction with our repairs service;
- Void loss of 0.11%;
- Current rent arrears 2.65%;
- Provision of starter packs and decoration vouchers;
- Handyperson service.

February 2019 was the Association's 30th birthday and we have commenced a series of events to celebrate, these will continue throughout 2019 and involve all our residents.

The Management Committee has also complied with all Scottish Housing Regulator, OSCR and FCA requirements.

The members of the Management Committee are of the opinion that the state of financial affairs of Blairtummock Housing Association are satisfactory. The surplus for the year is £533,417 and our net assets now stand at £9,668,536.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee 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 Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Management Committee 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 period. In preparing those Financial Statements, the Management Committee 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 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 Management Committee 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. They are 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 Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Statement on Internal Financial Control

The Management Committee 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;
- the safeguarding of assets against unauthorised use or disposition.

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee 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 Management Committee;
- the Management Committee 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;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £300 (2018 - £150).

Auditors

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

By order of the Management Committee


PATRICIA AITKEN
Secretary
8 August 2019

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' 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 Management Committee, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee'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 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
8 August 2019



Alexander Sloan
Accountants and Business Advisers

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Blairtummock Housing Association Limited (the 'Association') for the year ended 31 March 2019 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).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its 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 Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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 Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has 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 Management Committee is responsible for the other information. The other information comprises the information included 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.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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:

- 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.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED (Continued)

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 4, the Management Committee are 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 Management Committee 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 Management Committee 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 Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

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.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
8 August 2019



Alexander Sloan
Accountants and Business Advisers

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
REVENUE	2	3,492,360	3,457,498
Operating Costs	2	(2,868,574)	(2,668,005)
OPERATING SURPLUS		623,786	789,493
Gain / (Loss) On Sale Of Housing Stock	7	10,332	(22,189)
Release of Negative Goodwill	23	27,622	27,228
Interest Receivable and Other Income		28,946	21,168
Interest Payable and Similar Charges	8	(142,269)	(179,915)
Other Finance Income / (Charges)	11	(15,000)	1,000
		(90,369)	(152,708)
SURPLUS FOR THE YEAR	9	533,417	636,785
Other comprehensive income			
Adjustment relating to Opening Pension Liability		(273,256)	
Actuarial Gains/ (Losses) on defined benefit Pension Plan		(130,000)	-
TOTAL COMPREHENSIVE INCOME		130,161	636,785

The notes on pages 13 to 32 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		23,539,818		23,731,348
Other Non-current Assets	12 (b)		1,067,088		1,100,146
			<u>24,606,906</u>		<u>24,831,494</u>
Negative Goodwill	23		(1,257,038)		(1,284,660)
CURRENT ASSETS					
Receivables	15	162,033		124,927	
Investments	26	3,158,861		4,023,557	
Cash at bank and in hand		143,725		245,986	
		<u>3,464,619</u>		<u>4,394,470</u>	
CREDITORS: Amounts falling due within one year	16	<u>(507,787)</u>		<u>(681,825)</u>	
NET CURRENT ASSETS			<u>2,956,832</u>		<u>3,712,645</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,306,700</u>		<u>27,259,479</u>
CREDITORS: Amounts falling due after more than one year	17		(3,769,569)		(4,979,037)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	27.	<u>(696,000)</u>		-	
			<u>(696,000)</u>		-
DEFERRED INCOME					
Social Housing Grants	19	(11,893,749)		(12,453,834)	
Other Grants	19	<u>(278,846)</u>		<u>(288,237)</u>	
			<u>(12,172,595)</u>		<u>(12,742,071)</u>
NET ASSETS			<u>9,668,536</u>		<u>9,538,371</u>
EQUITY					
Share Capital	20		115		111
Revenue Reserves			10,364,421		9,538,260
Pension Reserves			<u>(696,000)</u>		-
			<u>9,668,536</u>		<u>9,538,371</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 8 August 2019.


Chairperson


Treasurer


Secretary

The notes on pages 13 to 32 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	18	648,646	834,915
Investing Activities			
Acquisition and Construction of Properties	(608,314)	(98,337)	
Purchase of Other Fixed Assets	(7,117)	(33,138)	
Social Housing Grant Received	9,725	41,484	
Changes on short term deposits with banks	864,696	(270,598)	
Proceeds on Disposal of Properties	63,592	97,552	
Net cash inflow / (outflow) from investing activities		322,582	(263,037)
Financing Activities			
Loan redemption payments	(798,849)	-	
Interest Received on Cash and Cash Equivalents	28,946	21,168	
Interest Paid on Loans	(104,879)	(179,915)	
Loan Principal Repayments	(198,713)	(253,007)	
Share Capital Issued	6	3	
Net cash outflow from financing activities		(1,073,489)	(411,751)
(Decrease) / Increase in cash		(102,261)	160,127
Opening Cash & Cash Equivalents		245,986	85,859
Closing Cash & Cash Equivalents		143,725	245,986
Cash and Cash equivalents as at 31 March			
Cash		143,725	245,986
		143,725	245,986

The notes on pages 13 to 32 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital £	Scottish Housing Pension reserve £	Revenue Reserve £	Total £
Balance as at 31 March 2017				
Issue of Shares	114	-	8,901,475	8,901,589
Cancellation of Shares	3	-	-	3
Other comprehensive income	(6)	-	-	(6)
Surplus for the year	-	-	-	-
Balance as at 31 March 2018	111		636,785	636,785
Balance as at 1 April 2018				
Issue of Shares	111	-	9,538,260	9,538,371
Cancellation of Shares	6	-	-	6
Other comprehensive income	(2)	(403,256)	-	(2)
Other movements	-	(292,744)	292,744	(403,256)
Surplus for the year	-	-	533,417	533,417
Balance as at 31 March 2019	115	(696,000)	10,364,421	9,668,536

The notes on pages 13 to 32 form part of these financial statements.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Blairtummock Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

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 it relates.

Retirement Benefits

The Association previously participated in the Scottish Housing Associations Defined Benefit Pension Scheme where 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. The Association moved to the Scottish Housing Associations Defined Contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Roof - tiles/flashings	50 years
External fabric/brickwork	50 years
Windows	30 years
Kitchens	15 years
Bathrooms	25 years
Boilers	15 years
Radiators/pipework	30 years
Electrics	30 years
Structures	50 years

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

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:

Asset Category	Depreciation Rate
Office Premises	2%
Furniture and Fittings	10%
Computer Equipment	33.00%
Office Equipment	20%

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

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

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

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

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

VAT

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 of Management 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 schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, 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. This year the Pension Trust have 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.

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.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Management Committee 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.

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) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

e) Defined pension liability

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.

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	3,226,422	2,685,263	541,159	3,212,455	2,469,143	743,312
Other Activities	4	265,938	183,311	82,627	245,043	198,862	46,181
Total		3,492,360	2,868,574	623,786	3,457,498	2,668,005	789,493

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings					
Rent receivable net of service charges	2,459,244	41,864	48,560	2,549,668	2,534,099
Service charges receivable	100,040	696	-	100,736	90,884
Gross income from rent and service charges	2,559,284	42,560	48,560	2,650,404	2,624,983
Less: Rent losses from voids	11,598	-	-	11,598	7,849
Net Rents Receivable	2,547,686	42,560	48,560	2,638,806	2,617,134
Grants released from deferred income	587,616	-	-	587,616	595,321
Total turnover from affordable letting activities	3,135,302	42,560	48,560	3,226,422	3,212,455
Expenditure on affordable letting activities					
Management and maintenance administration costs	930,860	-	-	930,860	812,756
Service Costs	106,828	-	-	106,828	133,289
Planned and cyclical maintenance, including major repairs	575,784	-	-	575,784	586,260
Reactive maintenance costs	338,007	-	-	338,007	225,341
Bad Debts - rents and service charges	4,488	-	-	4,488	16,729
Depreciation of affordable let properties	688,671	22,483	18,142	729,296	694,768
Operating costs of affordable letting activities	2,644,638	22,483	18,142	2,685,263	2,469,143
Operating surplus on affordable letting activities	490,664	20,077	30,418	541,159	743,312
2018	683,958	35,441	23,913		

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 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	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£
Wider role activities	110,000	12,264	-	122,264	122,521	(257)	7,286
Insurance Claim	-	-	58,588	58,588	-	58,588	-
Factoring	-	-	13,333	13,333	6,395	6,938	2,922
Other Income - Creche	-	-	13,231	13,231	1,015	12,216	13,630
Development administration	-	-	1,814	1,814	-	1,814	1,367
Other activities	-	31,149	25,559	56,708	53,380	3,328	20,976
Total From Other Activities	110,000	43,413	112,525	265,938	183,311	82,627	46,181
2018	142,000	48,788	54,255	245,043	198,862	46,181	

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

	2019	2018
	£	£
	66,242	62,915
	7,045	6,725
	66,242	62,915
	215,854	208,319

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

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries
Social Security Costs
Other Pension Costs
Temporary, Agency and Seconded Staff

	2019	2018
	No.	No.
	14	14
	£	£
	484,945	458,989
	47,432	44,233
	49,225	49,140
	10,437	2,325
	592,039	554,687

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN / (LOSS) ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	63,592	97,552
Cost of Sales	53,260	119,741
Gain / (Loss) On Sale Of Housing Stock	<u>10,332</u>	<u>(22,189)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>142,269</u>	<u>179,915</u>

9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	769,471	727,739
Auditors' Remuneration - Audit Services	8,220	8,910
Auditors' Remuneration - Other Services	2,881	2,785
(Loss) / gain on sale of fixed assets	<u>10,332</u>	<u>(22,189)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Unwinding of Discounted Pension Liabilities	<u>15,000</u>	<u>(1,000)</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
COST			
As at 1 April 2018	33,470,410	938,399	34,408,809
Additions	608,314	-	608,314
Disposals	(327,224)	-	(327,224)
Transfers	46,979	(46,979)	-
As at 31 March 2019	<u>33,798,479</u>	<u>891,420</u>	<u>34,689,899</u>
DEPRECIATION			
As at 1 April 2018	10,405,194	272,267	10,677,461
Charge for Year	711,154	18,142	729,296
Transfers	20,671	(20,671)	-
Disposals	(256,676)	-	(256,676)
As at 31 March 2019	<u>10,880,343</u>	<u>269,738</u>	<u>11,150,081</u>
NET BOOK VALUE			
As at 31 March 2019	<u>22,918,136</u>	<u>621,682</u>	<u>23,539,818</u>
As at 31 March 2018	<u>23,065,216</u>	<u>666,132</u>	<u>23,731,348</u>

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £Nil) and capitalised major repair costs to existing properties of £608,314 (2018 - £98,337).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,522,105 (2018 - £909,938). The amount capitalised is £608,314 (2018 - £98,337) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £655,293 (2018 - £98,337) and improvement of £Nil (2018 - £Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £18,233,499 (2018 - £18,321,380).

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Computer Equipment £	Total £
COST				
As at 1 April 2018	1,476,771	51,025	68,393	1,596,189
Additions	4,151	-	2,966	7,117
As at 31 March 2019	<u>1,480,922</u>	<u>51,025</u>	<u>71,359</u>	<u>1,603,306</u>
AGGREGATE DEPRECIATION				
As at 1 April 2018	392,760	42,216	61,067	496,043
Charge for year	31,307	2,279	6,589	40,175
As at 31 March 2019	<u>424,067</u>	<u>44,495</u>	<u>67,656</u>	<u>536,218</u>
NET BOOK VALUE				
As at 31 March 2019	<u>1,056,855</u>	<u>6,530</u>	<u>3,703</u>	<u>1,067,088</u>
As at 31 March 2018	<u>1,084,011</u>	<u>8,809</u>	<u>7,326</u>	<u>1,100,146</u>

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>486,249</u>	<u>461,686</u>

The above commitments will be financed by the Association's own resources.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Arrears of Rent & Service Charges	66,086	101,048
Less: Provision for Doubtful Debts	(50,187)	(70,972)
	15,899	30,076
Other Receivables	146,134	94,851
	<u>162,033</u>	<u>124,927</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	189,015	251,306
Trade Payables	110,929	59,749
Rent Received in Advance	85,176	55,517
Social Housing Grant in Advance	-	27,809
Other Taxation and Social Security	12,456	11,652
Amounts Due to Group Undertakings	21,635	69,552
Other Payables	49,362	67,675
Liability for Past Service Contributions	-	92,548
Accruals and Deferred Income	39,214	46,017
	<u>507,787</u>	<u>681,825</u>

At the balance sheet date there were pension contributions outstanding of £14,241 (2018 - £14,216).

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2019	2018
	£	£
Liability for Past Service Contributions	-	274,196
Housing Loans	3,769,569	4,704,841
	<u>3,769,569</u>	<u>4,979,037</u>
Housing Loans		
Amounts due within one year	189,015	251,306
Amounts due in one year or more but less than two years	194,146	259,460
Amounts due in two years or more but less than five years	598,603	828,670
Amounts due in more than five years	2,976,820	3,616,710
	<u>3,958,584</u>	<u>4,956,146</u>
Less: Amount shown in Current Liabilities	189,015	251,306
	<u>3,769,569</u>	<u>4,704,840</u>
Liability for Past Service Contributions		
Amounts due within one year	-	92,548
Amounts due in one year or more but less than two years	-	95,325
Amounts due in two years or more but less than five years	-	178,871
Amounts due in more than five years	-	-
	<u>-</u>	<u>366,744</u>
Less: Amount shown in Current Liabilities	-	92,548
	<u>-</u>	<u>274,196</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Nationwide	Standard security over Standard securities over 184 prop	Libor + 0.45%	2035	Variable
Nationwide	Standard security over Standard securities over 184 sam	Libor + 0.45%	2036	Variable
Nationwide	Standard security over Standard securities over 184 sam	Libor + 0.45%	2036	Variable
Clydesdale	Standard security over Standard securities over office an	6.1%	2029	Fixed
Clydesdale	Standard security over Standard securities over office an	5.9%	2029	Fixed
Clydesdale	Standard security over Standard securities over 170 prop	5.4%	2040	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	533,417	636,785
Depreciation	736,558	736,503
Gain on disposal	(10,332)	22,189
Amortisation of Intangible Fixed Assets	-	-
Amortisation of Capital Grants	(556,810)	(650,301)
Change in stock	-	39,162
Change in properties developed for resale	-	-
Change in debtors	(37,106)	(88,436)
Change in creditors	8,610	-
Unwinding of Discount on Pension Liability	(74,000)	-
Release of Negative Goodwill	(27,622)	(27,228)
Transfer of interest to financial activities	75,933	158,747
Change in loan to subsidiary	-	7,500
Share Capital Written Off	(2)	(6)
Net cash inflow from operating activities	<u>648,646</u>	<u>834,915</u>

Reconciliation of net cash flow to movement in net debt

	2019 £	2018 £
(Decrease) / increase in cash	(102,261)	160,127
Cashflow from change in net debt	<u>407,063</u>	<u>411,748</u>
Movement in net debt during the year	304,802	571,875
Net debt at 1st April 2018	(960,800)	(1,532,675)
Net debt at 31 March 2019	<u>(655,998)</u>	<u>(960,800)</u>

Analysis of changes in net debt

	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	245,986	(102,261)	-	143,725
Bank overdrafts	-	-	-	-
Liquid resources	245,986	(102,261)	-	143,725
Debt: Due within one year	4,023,557	(864,696)	-	3,158,861
Due after more than one year	(251,306)	62,291	-	(189,015)
	(4,979,037)	1,209,468	-	(3,769,569)
Net Debt	<u>(960,800)</u>	<u>304,802</u>	<u>-</u>	<u>(655,998)</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
Social Housing Grants			
As at 1 April 2018	11,983,320	470,514	12,453,834
Additions in the year	37,535	-	37,535
Eliminated on disposal of components and property	(30,214)	(19,987)	(50,201)
Amortisation in year	(533,161)	(14,258)	(547,419)
As at 31 March 2019	<u>11,457,480</u>	<u>436,269</u>	<u>11,893,749</u>
Net book value			
As at 31 March 2019	<u>11,457,480</u>	<u>436,269</u>	<u>11,893,749</u>
As at 31 March 2018	<u>11,983,320</u>	<u>470,514</u>	<u>12,453,834</u>
Other Grants			
As at 1 April 2018	288,237	-	288,237
Amortisation in year	(9,391)	-	(9,391)
As at 31 March 2019	<u>278,846</u>	<u>-</u>	<u>278,846</u>
Net book value			
As at 31 March 2019	<u>278,846</u>	<u>-</u>	<u>278,846</u>
As at 31 March 2018	<u>288,237</u>	<u>-</u>	<u>288,237</u>
Total grants net book value as at 31 March 2019	<u>11,736,326</u>	<u>436,269</u>	<u>12,172,595</u>
Total grants net book value as at 31 March 2018	<u>12,271,557</u>	<u>470,514</u>	<u>12,742,071</u>

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

	2019 £	2018 £
Amounts due within one year	556,810	567,859
Amounts due in one year or more	11,615,785	12,174,212
	<u>12,172,595</u>	<u>12,742,071</u>

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	111	114
Issued in year	6	3
Cancelled in year	(2)	(6)
As at 31 March 2019	<u>115</u>	<u>111</u>

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.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs - Built by Association	605	605
General Needs - Purchased by Association	107	107
Shared Ownership	21	22
	<u>733</u>	<u>734</u>

22. RELATED PARTY TRANSACTIONS

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

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2019 £	2018 £
Rent received from tenants on the Management Committee and their close family members	<u>46,072</u>	<u>41,209</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £2,347 (2018 - £2,034).

Members of the Management Committee who are tenants	9	9
Members of the Management Committee who are owner occupiers	1	1

One of the Management Committee is a Director of the The Pavillion (Greater Easterhouse) Limited. The Pavillion (Greater Easterhouse) Limited has a loan from the Association of £603 (2018: £1,407).

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. NEGATIVE GOODWILL

	2019	2018
	£	£
As at 1 April 2018	1,284,660	1,311,888
Release during the year	(27,622)	(27,228)
As at 31 March 2019	1,257,038	1,284,660

24. 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 45 Boyndie Street, Glasgow, G34 9JL.

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

25. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £2,052 (2018 - £2,270) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. INVESTMENTS

Short term deposits

	2019	2018
	£	£
Short term deposits	<u>3,158,861</u>	<u>4,023,557</u>

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary named Blairtummock & Rogerfield Opportunities. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

During the year Blairtummock Housing Association Limited provided development, management and financial services to Blairtummock and Rogerfield Opportunities for which a charge of £4,159 (2018: £Nil) was made.

During the year, the Association recharged rates and insurance to the subsidiary totalling £4,585 (2018: £Nil). The Association looks after deposits and makes payments on behalf of the subsidiary. The Association also provides the charity with the use of the community hall free of charge. As a result, at the statement of financial position date the Association owed £21,635 (2018: £69,835) to the subsidiary.

The aggregate amount of capital and reserves and the results of Blairtummock & Rogerfield Opportunities for the year ended 31 March 2019 were as follows:

	2019	2018
	£	£
Capital & Reserves	<u>176,870</u>	<u>107,117</u>
Surplus for the year	<u>69,753</u>	<u>71,196</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Blairtummock Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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 re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

Change in Accounting Estimate

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. 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.

In January 2019, the FRS issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Balance Sheet. The change has been reflected in Other Comprehensive Income as follows:

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Opening past service per actuary	640,000
Opening past service deficit	366,744
	273,256

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2019 %p.a.	2018 %p.a.
Salary increases	3.3%	3.2%
Pension increases	2.3%	2.2%
Discount rate	2.3%	2.6%

The defined benefit obligation is estimated to comprise of the following:

	2019 £000	2018 £000
Employee members	8	-
Deferred pensioners	5	-
Pensioners	7	-
	20	-

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019 £000	2018 £000
Equities	1,326	1,312
Bonds	1,745	1,676
Property	245	184
Cash	3	6
	<u>3,319</u>	<u>3,178</u>

Net Pension Liability

	2019 £000	2018 £000
Fair value of employer's assets	3,319	3,178
Present value of scheme liabilities	(4,015)	(3,818)
	<u>(696)</u>	<u>(640)</u>

Reconciliation of fair value of employer assets

	2019 £000
Opening fair value of employer assets	3,178
Expected Return on Assets	169
Contributions by Members	-
Contributions by the Employer	92
Actuarial Gains / (Losses)	-
Estimated Benefits Paid	(120)
Closing fair value	<u>3,319</u>

Reconciliation of defined benefit obligations

	2019 £000
Opening defined benefit obligation	3,818
Current Service Cost	3
Interest Cost	97
Contributions by members	-
Actuarial Gains	217
Estimated Benefits Paid	(120)
Closing defined benefit obligation	<u>4,015</u>

BLAIRTUMMOCK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2019 £000
Charged to operating costs:	
Service cost	3
	<hr/>
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	169
Interest on pension scheme liabilities	(97)
	<hr/>
Net Charge to the Income and Expenditure Account	75

Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	2019 £000
Actuarial gain/(loss) recognised in year	(130)
Cumulative actuarial gains	(130)