

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

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**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**MANAGEMENT COMMITTEE, EXECUTIVES & ADVISORS**

**Management Committee**

K Stevenson (Chairperson)  
M Cameron (Vice Chairperson)  
T Doyle (Secretary)  
N Finlayson  
W McCarthy  
S Simpson  
A Lockhart (Resigned 21.05.14)  
M Baldie

**Chief Executive Officer**

M Clarke

**Auditors**

Armstrongs, Chartered Accountants  
142 West Nile Street  
Glasgow  
G1 2RQ

**Bankers**

The Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

**Solicitors**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

**Registered Office**

250 Peat Road  
Nitshill  
Glasgow  
G53 6SA

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## FINANCIAL STATEMENTS 30th September 2014

### REPORT OF THE MANAGEMENT COMMITTEE

The Committee of Management present their Report and Financial Statements for the year ended the 30th of September 2014.

#### Legal status

Rosehill Housing Co-operative Limited is registered with the Financial Conduct Authority as a fully mutual co-operative under the Co-operative and Community Benefit Societies Act 2014. The Co-operative is constituted under its Rule Book.

#### Principal activities

The principal activities of the Co-operative are the provision, construction, improvement and management of rented accommodation.

#### Review of the business and future developments

The members of the Committee of Management are of the view that the state of affairs of the Co-operative are satisfactory. The surplus for the year after taxation was £1,371,785 (2013 - £1,257,403). Net Assets now stand at £31,010,391 (2013 - £29,638,602).

#### Committee of Management and executive officers

The members of the Committee of Management and the executive officers are listed on page 1.

With the exception of co-opted members, each member of the Committee of Management holds one fully paid share of £1 in the Co-operative. The executive officers hold no interest in the share capital of the Co-operative and, although not having the legal status of directors, they act as executives within the authority delegated by the Committee of Management.

Members of the Committee of Management are appointed by the members of the Co-operative at the Annual General Meeting.

#### Statement of the Committee of Management's responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Co-operative and of the income and expenditure of the Co-operative for the year ended on that date. In preparing these financial statements, the 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 a going concern basis unless it is inappropriate to presume that the Co-operative will continue in business;
- Prepare a statement on internal financial control.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative and to enable it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements - April 2012. It is also responsible for safeguarding the assets of the Co-operative and for taking reasonable steps to safeguard the assets of the Co-operative for the prevention and detection of fraud and other irregularities.

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**REPORT OF THE MANAGEMENT COMMITTEE (Continued)**

**Corporate Governance**

The Co-operative has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Scottish Housing Regulator, the auditors have confirmed that they consider **this** statement appropriately reflects the Co-operative's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they are aware from their audit work on the Financial Statements.

**Statement as to Disclosure of Information to Auditors**

So far as the Committee are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Co-operative's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Co-operative's auditors are aware of that information.

**Auditors**

A resolution to re-appoint the auditors, Armstrongs, will be proposed at the Annual General Meeting.

**By Order of the Committee of Management**



T Doyle  
Secretary

Date: 11 February 2015

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**COMMITTEE STATEMENT ON**  
**THE CO-OPERATIVE'S SYSTEM OF INTERNAL FINANCIAL CONTROL**

The Committee acknowledge their ultimate responsibility for ensuring that the Co-operative has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Co-operative or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets (against unauthorised use or disposition).

It is the 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 misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Co-operative's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
- Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee members and others;
- The Committee review reports from management, from directors, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Co-operative;
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Co-operative for the year ended 30th September 2014 and until the below date. No weaknesses were found in 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.

**By Order of the Committee of Management**



T Doyle  
Secretary

Date: 11 February 2015



**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**REPORT OF THE AUDITORS ON THE COMMITTEE STATEMENT ON  
THE CO-OPERATIVE'S SYSTEM OF INTERNAL FINANCIAL CONTROL**

**Corporate Governance**

In addition to our audit of the financial statements, we have reviewed the Committee's statement on page three concerning the Co-operative's compliance with the information required by the section on internal financial control within SFHA's publication "Raising Standards in Housing".

**Basis of Opinion**

We carried out our review having regard to the Bulletin "Disclosures Relating to Corporate Governance" issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-operative'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 three has provided the disclosures required by the section on internal financial control within SFHA's publication "Raising Standards in Housing" 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 Committee members, directors and officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Committee's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by the section on internal financial control within SFHA's publication "Raising Standards in Housing".



Adam Armstrong, LLB, CA, (Senior Statutory Auditor)  
for and on behalf of Armstrongs, Chartered Accountants

Date: 11 February 2015

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**REPORT OF THE INDEPENDENT AUDITORS TO**  
**THE MEMBERS OF ROSEHILL HOUSING CO-OPERATIVE LIMITED**

We have audited the financial statements of Rosehill Housing Co-operative Limited for the year ended 30th September 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes one to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and the Registered Social Landlords Determination of Accounting Requirements - April 2012.

This report is made solely to the Co-operative's members, as a body, in accordance with the Co-operative and Community Benefits Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative'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 Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Committee and Auditors**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the Co-operative's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Co-operative's affairs as at 30th September 2014 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 properly prepared in accordance with the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements - April 2012.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the current legislation requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Committee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor)  
for and on behalf of Armstrongs, Chartered Accountants

Date: 11 February 2015



**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**INCOME AND EXPENDITURE ACCOUNT**

	Notes	2014 £	2013 £
Turnover	3	3,389,844	3,279,403
Operating Costs	3	(2,025,372)	(2,067,644)
<b>Operating Surplus</b>		<u>1,364,472</u>	<u>1,211,759</u>
Gain/(Loss) on disposal of fixed assets	8	-	(1,666)
		<u>1,364,472</u>	<u>1,210,093</u>
Interest receivable and other income	9	78,393	141,415
Interest payable and similar charges	10	(51,726)	(55,867)
<b>Surplus on ordinary activities before taxation</b>	11	<u>1,391,139</u>	<u>1,295,641</u>
Tax on surplus on ordinary activities	12	(19,354)	(38,238)
<b>Surplus on ordinary activities after taxation</b>		<u><u>1,371,785</u></u>	<u><u>1,257,403</u></u>

The results for the year relate wholly to continuing activities

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Surplus for the year	1,371,785	1,257,403
Unrealised surplus / deficit on revaluation of properties	-	2,638,041
<b>Total recognised gains and losses relating to the year</b>	<u><u>1,371,785</u></u>	<u><u>3,895,444</u></u>

**NOTE OF HISTORICAL COST SURPLUSES & DEFICITS**

Reported surplus on ordinary activities before taxation	1,391,139	1,295,641
Difference between historical cost and the actual charge for the year calculated on the revalued amount	6,000	6,000
<b>Total recognised gains and losses relating to the year</b>	<u><u>1,397,139</u></u>	<u><u>1,301,641</u></u>
Historical cost surplus on ordinary activities after taxation	<u><u>1,377,785</u></u>	<u><u>1,263,403</u></u>

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**BALANCE SHEET**

	Notes	2014		2013	
		£	£	£	£
<b>Tangible Fixed Assets</b>					
Housing Properties	13		25,340,391		24,551,156
Other	14		474,883		489,619
			<u>25,815,274</u>		<u>25,040,775</u>
<b>Current Assets</b>					
Investments	15	9,960,345		9,640,608	
Stocks	16	6,575		4,166	
Debtors	17	184,989		191,880	
Cash at Bank and in Hand		935,438		1,189,606	
			<u>11,087,347</u>	<u>11,026,260</u>	
<b>Creditors:</b>					
amounts falling due within one year	18	(1,188,117)		(1,373,856)	
			<u>9,899,230</u>	<u>9,652,404</u>	
<b>Net Current Assets</b>			<u>9,899,230</u>	<u>9,652,404</u>	
<b>Total Assets less Current Liabilities</b>			<u>35,714,504</u>	<u>34,693,179</u>	
<b>Creditors:</b>					
amounts falling due after more than one year	19	(4,704,113)		(5,054,577)	
<b>Net Assets</b>			<u><u>31,010,391</u></u>	<u><u>29,638,602</u></u>	
<b>Capital and Reserves</b>					
Share Capital	20		952		948
Revaluation Reserve	21		14,371,877		14,377,877
Accumulated Surplus	22		16,637,562		15,259,777
			<u>31,010,391</u>		<u>29,638,602</u>

Signed on behalf of the Committee of Management on the 11th of February 2015

*K. Stevenson*

**K Stevenson**  
Chairperson

*T Doyle*

**T Doyle**  
Secretary

*M Cameron*

**M Cameron**  
Vice Chairperson

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**CASH FLOW STATEMENT**

	Notes	2014	2013
		£	£
<b>Net cash inflow from operating activities</b>		1,740,026	1,579,930
<b>Returns on investments and servicing of finance</b>			
Interest received	90,656	182,851	
Interest paid	(52,224)	(55,965)	
		38,432	126,886
<b>Taxation</b>			
Corporation Tax Paid		(30,365)	(31,873)
<b>Capital Expenditure and Financial Investment</b>			
Purchase and development of housing properties	(1,375,266)	(298,119)	
Purchase of other fixed assets	(16,163)	(12,700)	
Social Housing Grant received	59,315	383,354	
		(1,332,114)	72,535
Net cash flow before use of liquid resources and financing		415,979	1,747,478
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		(319,737)	-
<b>Financing</b>			
Housing loans repaid	(350,464)	(350,430)	
Share capital issued	54	40	
Net cashflow from financing		(350,410)	(350,390)
(Decrease) / Increase in Cash		(254,168)	1,397,088

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## FINANCIAL STATEMENTS 30th September 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. PRINCIPAL ACCOUNTING POLICIES

##### **Basis of Accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting for Registered Social Landlords (update 2010), and on the historical cost basis, as amended for the revaluation of housing properties. They also comply with the Registered Social Landlords Determination of Accounting Requirements - April 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from Communities Scotland, local authorities and other agencies.

##### **Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Completed housing properties are professionally valued on an existing use basis. Surpluses and deficits are reflected in the revaluation reserve. Permanent diminutions in value of housing property are eliminated first against any revaluation reserve in respect of that property with any excess being charged in the income and expenditure account. Depreciation is charged on a straight line basis over the expected useful lives of the individual components of individual properties. The components and their expected useful lives are as follows:-

Building	50 years
Roof	40 years
External Doors	25 years
Windows	25 years
Radiators	20 years
Boilers	15 years
Bathrooms	25 years
Kitchens	15 years

##### **Other Fixed Assets**

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at annual rates as follows:-

Office Property	2%
Computer Equipment	33%
Furniture & Fittings	15%
Tools & Equipment	15%
Motor Vehicles	25%

##### **Social Housing Grant and Other Grants**

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments have been reduced by the amount of the grant receivable. The amount of the grants receivable is detailed in the Notes to the accounts.

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

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**Social Housing Grant and Other Grants (Continued)**

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.

**Capitalisation of Interest**

Interest incurred on financing a development is capitalised up to the date of completion of the scheme.

**Stock**

Stock is stated at the lower of cost and net realisable value.

**Development Administration Costs**

Development administration costs incremental to the other costs of the Co-operative have been capitalised.

**Cyclical and Major Repairs**

The costs of cyclical and major repairs are charged to the Income and Expenditure Account in the year in which they are incurred.

**Pension Costs**

The Co-operative participates in the centralised Scottish Housing Co-operatives' defined benefit pension scheme and retirement benefits to employees of the Co-operative are funded by 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 Co-operatives taken as a whole.

The expected costs to the Co-operative of pension are charged to the income and expenditure accounts so as to spread the cost of pensions over the service lives of employees.

**Deferred Taxation**

No provision has been incorporated for deferred taxation on the revaluation of the housing property. If the property was sold there would be a corresponding repayment of the relevant government grants restricted to net proceeds of sale.

**2. PENSIONS**

General

Rosehill Housing Co-operative Limited participates in the Scottish Housing Co-operatives' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.



**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. PENSIONS (Continued)**

General (Continued)

The Scheme offers six benefit structures to employers, namely:

- o Final salary with a 1/60th accrual rate
- o Career average revalued earnings with a 1/60th accrual rate
- o Career average revalued earnings with a 1/70th accrual rate
- o Career average revalued earnings with a 1/80th accrual rate
- o Career average revalued earnings with a 1/120th accrual rate, contracted-in
- o Defined Contribution (DC) option.

An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

The Co-operative has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2013 and the final salary with a 1/60th accrual rate benefit option for new entrants from 1 April 2013.

During the accounting period the Co-operative paid contributions at the rate of 11.5% (to 31/03/14) and 13.1% (to 30/09/14) of pensionable salaries. Member contributions were 7.7% (to 31/03/14) and 11.5% (to 30/09/14) of pensionable salaries. As at the balance sheet date there were ten active members of the Scheme employed by the Co-operative. The annual pensionable payroll in respect of these members was £351,427. The Co-operative continues to

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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

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

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. PENSIONS (Continued)**

General (Continued)

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

Rosehill Housing Co-operative Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Co-operatives' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of that date the estimated employer debt for the Co-operative was £2,746,150. As the Co-operative does not have any plans to withdraw from the Scheme this is not considered to be a Contingent Liability.

Valuation Assumptions

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Co-operatives' Pension Scheme are:

<b>2012 Valuation Assumptions</b>	
Investment return pre-retirement	5.3% p.a.
Investment return post retirement (non-pensioners)	3.4% p.a.
Investment return post retirement (pensioners)	3.4% p.a.
Rate of salary increases	4.1% p.a.
Rate of pension increases	- pension accrued pre 6 April 2005 in excess of GMP - pension accrued from 6 April 2005 - for leavers before 1 October 1993
	2.0% p.a. 1.7% p.a. 5.0% p.a.
Rate of price inflation	2.6% p.a.

<b>Mortality Tables</b>	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

<b>Contribution Rates for Future Service (payable from 1 April 2014)</b>	
Final salary 1/60ths	24.60%
Career average revalued earnings 1/60ths	22.40%
Career average revalued earnings 1/70ths	19.20%
Career average revalued earnings 1/80ths	16.90%
Career average revalued earnings 1/120ths	11.40%

Additional deficit contributions were payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	2014			2013		
	Turnover £	Operating Costs £	Operating Surplus £	Turnover £	Operating Costs £	Operating Surplus £
Social Letting	3,386,228	(2,021,291)	1,364,937	3,275,813	(2,064,699)	1,211,114
Other Activities	3,616	(4,081)	(465)	3,590	(2,945)	645
<b>Total</b>	<b>3,389,844</b>	<b>(2,025,372)</b>	<b>1,364,472</b>	<b>3,279,403</b>	<b>(2,067,644)</b>	<b>1,211,759</b>

**4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTING ACTIVITIES**

	General Needs Housing £	Supported Housing £	Shared Ownership Housing £	2014 Total £	2013 Total £
	Rent receivable net of service charges	3,302,264	27,642	28,537	3,358,443
Service charges	3,642	38,348	-	41,990	27,408
<b>Gross Income from Rents and Service Charges</b>	<b>3,305,906</b>	<b>65,990</b>	<b>28,537</b>	<b>3,400,433</b>	<b>3,285,682</b>
Less: Rent losses from voids	(6,314)	(7,891)	-	(14,205)	(9,869)
<b>Total Turnover from Social Lettings</b>	<b>3,299,592</b>	<b>58,099</b>	<b>28,537</b>	<b>3,386,228</b>	<b>3,275,813</b>
<b>Expenditure on Lettings</b>					
Management and maintenance costs	966,461	17,017	8,359	991,837	808,092
Service costs	10,286	13,155	-	23,441	26,221
Planned and cyclical maintenance	228,033	1,067	-	229,100	423,931
Reactive maintenance costs	412,445	4,323	-	416,768	387,110
Bad debts - rent and service charges	16,013	32	-	16,045	16,045
Depreciation of social housing	372,297	-	(28,197)	344,100	403,300
<b>Total Expenditure on Lettings</b>	<b>2,005,535</b>	<b>35,594</b>	<b>(19,838)</b>	<b>2,021,291</b>	<b>2,064,699</b>
<b>Operating Surplus for Social Lettings</b>	<b>1,294,057</b>	<b>22,505</b>	<b>48,375</b>	<b>1,364,937</b>	<b>1,211,114</b>
<b>(2013)</b>	<b>1,193,473</b>	<b>15,450</b>	<b>2,191</b>	<b>1,211,114</b>	

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM OTHER ACTIVITIES**

	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs - Bad Debts £	Other Operating Costs £	2014 Operating Surplus / (Deficit) £	2013 Operating Surplus / (Deficit) £
Factoring	-	3,099	3,099	(1,158)	(2,736)	(795)	336
Support Activities	517	-	517	-	(187)	330	309
<b>Total of other activities 2014</b>	<u>517</u>	<u>3,099</u>	<u>3,616</u>	<u>(1,158)</u>	<u>(2,923)</u>	<u>(465)</u>	<u>645</u>
<b>Total of other activities 2013</b>	<u>-</u>	<u>3,590</u>	<u>3,590</u>	<u>-</u>	<u>(2,945)</u>	<u>645</u>	

**6. OFFICERS' EMOLUMENTS**

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Co-operative. One officer of the Co-operative received emoluments (excluding pension contributions) greater than £60,000 as follows:

	2014 £	2013 £
Emoluments payable to Chief Executive (excluding pension contributions)	<u>69,499</u>	<u>67,507</u>

The Chief Executive is an ordinary member of the Co-operative's pension scheme described in notes 1 and 2. No enhanced or special terms apply to his membership and he has no other pension arrangements to which the Co-operative contributes. The Co-operative's contributions for the Chief Executive in the year amounted to £7,931 (2013 - £7,219).

**7. EMPLOYEE INFORMATION**

	2014 No.	2013 No.
The average monthly number of full-time equivalent persons employed during the year was:-	<u>16</u>	<u>13</u>
Staff costs were:	£	£
Wages and salaries	539,014	491,363
Social security costs	45,687	45,476
Other pension costs	118,325	65,297
	<u>703,026</u>	<u>602,136</u>

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. GAIN / (LOSS) ON DISPOSAL OF FIXED ASSETS**

	2014	2013
£	£	£
Proceeds from sale of fixed assets	-	-
Less: Cost of sales		
Cost / valuation including depreciation	-	1,666
Social housing grant repaid	-	-
Legal fees	-	-
	<u>-</u>	<u>(1,666)</u>
	<u>-</u>	<u>(1,666)</u>

**9. INTEREST RECEIVABLE AND OTHER INCOME**

	2014	2013
	£	£
Interest receivable	<u>78,393</u>	<u>141,415</u>

**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	2014	2013
	£	£
Interest payable on bank loans and overdrafts	<u>51,726</u>	<u>55,867</u>

**11. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2014	2013
	£	£
Surplus on ordinary activities before taxation is stated after charging:-		
Depreciation - tangible owned fixed assets	374,999	447,392
Auditors remuneration	6,700	6,392
	<u>381,699</u>	<u>453,784</u>

**12. TAXATION**

	2014	2013
	£	£
Corporation Tax has been provided on the Case III untaxed interest received and other non-rental income as follows:-		
UK Corporation Tax		
Interest received	15,679	28,283
Other income	3,675	2,082
Under provision for taxation in prior year	-	7,873
	<u>19,354</u>	<u>38,238</u>



**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES**

	Held for Letting £	In Course of Construction £	Shared Ownership £	Total £
<b>Cost or Valuation</b>				
At 1st October 2013	23,995,956	101,200	454,000	24,551,156
Additions	1,167,687	27,744	-	1,195,431
Disposals	(29,098)	-	-	(29,098)
Transfers	54,633	34	(54,667)	-
	<u>25,189,178</u>	<u>128,978</u>	<u>399,333</u>	<u>25,717,489</u>
At 30th September 2014				
<b>Social Housing Grant</b>				
At 1st October 2013	-	-	-	-
Additions	62,097	-	-	62,097
Disposals	-	-	-	-
Transfers	-	-	-	-
	<u>62,097</u>	<u>-</u>	<u>-</u>	<u>62,097</u>
At 30th September 2014				
<b>Other Grants</b>				
At 1st October 2013	-	-	-	-
Additions	-	-	-	-
Transfer on revaluation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30th September 2014				
<b>Depreciation</b>				
At 1st October 2013	-	-	-	-
Charge for year	343,198	-	(28,197)	315,001
Disposals	-	-	-	-
Transfers	-	-	-	-
	<u>343,198</u>	<u>-</u>	<u>(28,197)</u>	<u>315,001</u>
At 30th September 2014				
<b>Net Book Value</b>				
At 30th September 2014	<u>24,783,883</u>	<u>128,978</u>	<u>427,530</u>	<u>25,340,391</u>
At 30th September 2013	<u>23,995,956</u>	<u>101,200</u>	<u>454,000</u>	<u>24,551,156</u>

All housing properties are freehold

Development administration costs capitalised during the year amounted to £5,645 (2013 - £5,114) in respect of which social housing grant of £5,645 (2013 - £5,114) was received during the year.

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (Continued)**

Completed housing properties were revalued on the basis of existing use value for social letting at 28 February 2014 by DTZ Debenham Tie Leung, Chartered Surveyors. The valuation has been made in accordance with the RICS Appraisal and Valuation Manual. The Committee of Management do not believe that the valuation would have been materially different at the balance sheet date.

If housing properties had not been revalued they would have been shown in the balance sheet at the following amounts :-

	2014	2013
	£	£
Cost of Properties	47,969,331	47,105,765
Social Housing and Other Grants	(32,374,783)	(32,328,432)
	<u>15,594,548</u>	<u>14,777,333</u>
Aggregate Depreciation	(4,031,639)	(4,003,733)
	<u><u>11,562,909</u></u>	<u><u>10,773,600</u></u>

Housing properties include properties transferred from Hurler Housing Association Limited in 1997 at fair value, which were partially financed by Social Housing Grants totalling £4,421,689 and other grants totalling £13,154.

**14. TANGIBLE FIXED ASSETS - OTHER FIXED ASSETS**

	Office Heritable Property £	Fixtures & Fittings £	Tools & Equipment £	Motor Vehicles £	Computer Equipment £	Total £
<b>Cost</b>						
At 1st October 2013	551,300	81,224	59,068	22,502	109,968	824,062
Additions	-	1,544	2,167	-	12,452	16,163
Disposals	-	-	-	-	-	-
	<u>551,300</u>	<u>82,768</u>	<u>61,235</u>	<u>22,502</u>	<u>122,420</u>	<u>840,225</u>
<b>Depreciation</b>						
At 1st October 2013	98,415	66,406	50,882	19,502	99,238	334,443
Charge for year	11,028	5,089	2,336	-	12,446	30,899
Disposals	-	-	-	-	-	-
	<u>109,443</u>	<u>71,495</u>	<u>53,218</u>	<u>19,502</u>	<u>111,684</u>	<u>365,342</u>
<b>Net Book Value</b>						
At 30th September 2014	<u><u>441,857</u></u>	<u><u>11,273</u></u>	<u><u>8,017</u></u>	<u><u>3,000</u></u>	<u><u>10,736</u></u>	<u><u>474,883</u></u>
At 30th September 2013	<u><u>452,885</u></u>	<u><u>14,818</u></u>	<u><u>8,186</u></u>	<u><u>3,000</u></u>	<u><u>10,730</u></u>	<u><u>489,619</u></u>

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. CURRENT ASSET INVESTMENTS**

	2014 £	2013 £
Bank deposits	9,960,345	9,640,608

**16. STOCKS**

	2014 £	2013 £
Maintenance materials	6,575	4,166

**17. DEBTORS**

	2014 £	2013 £
Arrears of Rent and Service Charges	186,213	185,866
Less: Provision for Doubtful Debts	(60,908)	(58,589)
Social Housing Grant Receivable	125,305	127,277
Other Debtors	3,437	655
Prepayments and Accrued Income	3,175	-
	53,072	63,948
	<u>184,989</u>	<u>191,880</u>

**18. CREDITORS: Amounts falling due within one year**

	2014 £	2013 £
Housing Loans	350,430	350,430
Trade Creditors	87,013	40,686
Rent in advance	35,893	21,323
Social Housing Grant repayable	55,625	55,625
Corporation Tax	19,354	30,365
Other Tax and Social Security Costs	12,660	13,055
Other Creditors	394,400	421,266
Accruals and Deferred Income	232,742	441,106
	<u>1,188,117</u>	<u>1,373,856</u>

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19. CREDITORS: Amounts falling due after more than one year**

	2014 £	2013 £
Housing Loans	<u>4,704,113</u>	<u>5,054,577</u>
Housing loans are secured by specific charges on the Co-operative's housing properties and are repayable at varying rates of interest in instalments due as follows:-		
Within one year	350,430	350,430
Between one and two years	305,637	350,430
Between two and five years	782,539	827,330
In five years or more	<u>3,615,937</u>	<u>3,876,817</u>
	5,054,543	5,405,007
Less: amount shown in current liabilities	<u>(350,430)</u>	<u>(350,430)</u>
	<u>4,704,113</u>	<u>5,054,577</u>

**20. SHARE CAPITAL**

	2014 £	2013 £
<b>Ordinary Shares of £1 each - Allotted, Issued and Fully Paid</b>		
At 1st October 2013	948	949
Issued during year	54	40
Forfeited during year	<u>(50)</u>	<u>(41)</u>
At 30th September 2014	<u>952</u>	<u>948</u>

Each shareholder of the Co-operative holds only one share and is entitled to vote at general meetings of the Co-operative. Shares carry no right to dividend or distribution on a winding-up. When a shareholder ceases to be a member their share is cancelled and the amount paid thereon becomes the property of the Co-operative. Each member has a right to vote at member meetings.

**21. REVALUATION RESERVE**

	2014 £	2013 £
At 1st October 2013	14,377,877	11,745,836
Transfer from Revenue Reserve	(6,000)	(6,000)
Revaluation	<u>-</u>	<u>2,638,041</u>
	<u>14,371,877</u>	<u>14,377,877</u>

**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS 30th September 2014**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22. ACCUMULATED SURPLUS**

	2014 £	2013 £
Revenue Reserves brought forward	15,259,777	13,996,374
Surplus for the year	1,371,785	1,257,403
Transfer from Revaluation Reserve	6,000	6,000
	<u>16,637,562</u>	<u>15,259,777</u>

**23. CASH FLOW STATEMENT**

**a) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities**

	2014 £	2013 £
Operating Surplus	1,364,472	1,211,759
Depreciation	374,999	447,392
(Increase) / Decrease in Stocks	(2,409)	1,111
(Increase) / Decrease in Debtors	(2,591)	5,811
Increase / (Decrease) in Creditors	5,605	(86,102)
Forfeited Share Capital	(50)	(41)
	<u>1,740,026</u>	<u>1,579,930</u>

**b) Reconciliation of Net Cash Flow to Movement in Net Debt**

	2014 £	2013 £
(Decrease) / Increase in Cash in the year	(254,168)	
Cash flow from management of liquid resources	319,737	
Cash Outflow from Decrease in loan finance	350,464	
	<u>416,033</u>	
Change in Net Debt resulting from Cash Flows		416,033
Net Debt at 1st October 2013		5,425,207
		<u>5,841,240</u>
Net Debt at 30th September 2014		<u>5,841,240</u>

**c) Analysis of Net Debt**

	At 01.10.13 £	Cash Flows £	Other Changes £	At 30.09.14 £
Cash at bank	1,189,606	(254,168)	-	935,438
Investments	9,640,608	319,737	-	9,960,345
Loans due within one year	(350,430)	350,464	(350,464)	(350,430)
Loans due after more than one year	(5,054,577)	-	350,464	(4,704,113)
	<u>5,425,207</u>	<u>416,033</u>	<u>-</u>	<u>5,841,240</u>



**ROSEHILL HOUSING CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24. HOUSING STOCK**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
The number of units of accommodation in management at the year end was:-		
General Needs - New Build	423	423
General Needs - Rehabilitation	530	525
Shared Ownership	11	13
Supported Housing	2	2
	<u>966</u>	<u>963</u>

**25. RELATED PARTY TRANSACTIONS**

The majority of the members of the Committee of Management are tenants. Their tenancies are on the Co-operative's normal tenancy terms and they cannot use their position to their advantage

**26. CONTINGENT LIABILITY**

N Power contracted with the Co-operative to provide grant funding. A condition of the grant was that the Co-operative would achieve a specified level of carbon dioxide savings. If the Co-operative fails to achieve that level of carbon dioxide savings, the whole or part of the grant funding will be repayable.