

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

CONTENTS

	Page
Management Committee, Executives & Advisers	1
Report of the Management Committee	2
Report by the Auditors on Corporate Governance Matters	4
Report of the Auditors	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

Management Committee

M Cameron (Chairperson)
K Stevenson (Vice-Chairperson)
M Baldie
N Finlayson
W McCarthy
W Shanley (Resigned 29.06.16)
S Simpson
J Thomson
K Thomson
M Ward (Appointed 16/02/16)

Executive Officers and Secretary

M Clarke (Director and Secretary)
G Mogan (Depute Director)

External Auditors

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

Internal Auditors

Alexander Sloan, Chartered Accountants
38 Cadogan Street
Glasgow
G1 7HF

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

REPORT & FINANCIAL STATEMENTS 30th September 2016

REPORT OF THE MANAGEMENT COMMITTEE

The Committee of Management present their Report and Financial Statements for the year ended 30th September 2016 .

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 Management Committee are of the opinion that the state of affairs of the Co-operative is satisfactory. The surplus for the year, after taxation, was £1,694,185 (2015 - £1,058,779). Net Assets now stand at £32,363,395 (2015 - £30,669,204).

Committee of Management and Executive Officers

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

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 2014 and the Registered Social Landlords Determination of Accounting Requirements - 2014. 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.

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.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

Statement on Internal Financial Control

The Management Committee acknowledge their ultimate responsibility for ensuring that the Co-operative 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 Co-operative, or for publication;
- the maintenance of proper accounting records; and
- 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 misstatement or loss. Key elements of the Co-operative's systems include ensuring that:-

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Co-operative'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 the 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 internal financial controls are in place and are effective and that a general review of the major risks facing the Co-operative is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified from the above reports.

The Management Committee has reviewed the effectiveness of the systems of internal financial control in existence in the Co-operative for the year ended 30 September 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

In line with good practice the Co-operative has put its external audit out to tender. Following the outcome of this tender process the Co-operative will select the auditors for the year ended 30 September 2017. The appointment of the auditors will be proposed at the Annual General Meeting.

By Order of the Committee of Management



M Cameron
Chairperson

Date: 25th January 2017

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF ROSEHILL HOUSING CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee's statement on page 2 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory 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 Financial Reporting Council. 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 3 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain Committee members 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 relevant Regulatory Standards contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor)

for and on behalf of Armstrongs

Statutory Auditor

Chartered Accountants

Victoria Chambers

142 West Nile Street

Glasgow

G1 2RQ

Date: 25th January 2017

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

INDEPENDENT AUDITORS' REPORT 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 2016 which comprise of a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Co-operative's members, as a body, in accordance with the Co-operative and Community Benefit 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities, the Co-operative's Management Committee are responsible for the preparation of Financial Statements that 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 (APB's) Ethical Standards for Auditors.

Scope of the audit on 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 Management Committee; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Management Committee's report 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 the 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 2016 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 Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Co-operative in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Co-operative in accordance with the requirements of the legislation.
- the statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Co-operative.
- we have not received all the information and explanations necessary for the purpose of our audit.

We have nothing to report in respect of these matters.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor)

for and on behalf of Armstrongs

Statutory Auditor

Chartered Accountants

Victoria Chambers

142 West Nile Street

Glasgow

G1 2RQ

Date: 25th January 2017

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

STATEMENT OF COMPREHENSIVE INCOME for the Year Ended 30th September 2016

	Notes	2016		2015	
		£	£	£	£
REVENUE	2		3,636,582		3,623,466
Operating Costs	2		(2,533,209)		(2,511,894)
OPERATING SURPLUS	8		1,103,373		1,111,572
Interest Receivable and Other Income		102,591		91,378	
Interest Payable and Similar Charges	7	(43,768)		(48,608)	
Movement in Fair Value of Financial Instruments	10	735,556		-	
Other Finance Income / (Charges)	11	(174,499)		(74,137)	
			619,880		(31,367)
SURPLUS BEFORE TAXATION			1,723,253		1,080,205
TAXATION			(29,068)		(21,426)
SURPLUS FOR YEAR			1,694,185		1,058,779

The Notes on pages 10 to 21 form part of this report and financial statements. All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Social Housing Statement of Recommended Practice 2014 and Financial Reporting Standard 102.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

STATEMENT OF FINANCIAL POSITION as at the 30th of September 2016

	Notes	2016		2015	
		£	£	£	£
NON CURRENT ASSETS					
Housing Properties - Depreciated Cost	12		25,656,387		25,759,783
Other Non Current Assets	12		463,535		458,744
			<u>26,119,922</u>		<u>26,218,527</u>
CURRENT ASSETS					
Investments		11,754,877		10,383,034	
Inventories		2,567		2,892	
Receivables	16	178,659		219,804	
Cash at bank and in hand		825,336		855,194	
			<u>12,761,439</u>		<u>11,460,924</u>
PAYABLES: Amounts falling due within one year	17	(1,208,110)		(1,079,867)	
			<u>11,553,329</u>		<u>10,381,057</u>
NET CURRENT ASSETS					
			<u>37,673,251</u>		<u>36,599,584</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
PAYABLES: Amounts falling due after more than one year	18	(4,707,580)		(5,649,780)	
DEFERRED INCOME					
Social Housing Grants	20	(602,276)		(280,600)	
			<u>(602,276)</u>		<u>(280,600)</u>
NET ASSETS					
			<u>32,363,395</u>		<u>30,669,204</u>
EQUITY					
Share Capital	21		960		954
Reserves			32,362,435		30,668,250
			<u>32,363,395</u>		<u>30,669,204</u>

Comparative figures have been re-stated to reflect the adoption of the Social Housing Statement of Recommended Practice 2014 and Financial Reporting Standard 102.

Signed on behalf of the Management Committee on 25th January 2017

M Cameron

M Cameron
Chairperson

M Baldie

M Baldie
Committee Member

M Clarke

M Clarke
Secretary

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

STATEMENT OF CASH FLOWS for the year ended 30th September 2016

	Notes	2016		2015	
		£	£	£	£
Net Cash Inflow from Operating Activities	19		1,870,836		1,666,730
Corporation Tax Paid			(21,426)		(19,354)
Investing Activities					
Acquisition and Construction of Properties		(502,620)		(1,354,107)	
Purchase of Other Fixed Assets		(39,219)		(10,302)	
Social Housing Grant Received		321,676		399,509	
Social Housing Grant Repaid		(55,625)		-	
Net Cash (Outflow) from Investing Activities			(275,788)		(964,900)
Net Cash Inflow before use of Liquid Resources and Financing			1,573,622		682,476
Financing Activities					
Interest Received on Cash and Cash Equivalents		118,246		58,802	
Interest Paid on Loans		(44,285)		(48,452)	
Loan Principal Repayments		(305,638)		(350,429)	
Change in short term deposits with banks		(1,371,843)		(422,689)	
Share Capital Issued		40		48	
Net Cash (Outflow) from Financing Activities			(1,603,480)		(762,720)
(Decrease) in Cash			(29,858)		(80,244)
Opening Cash and Cash Equivalents			855,194		935,438
Closing Cash and Cash Equivalents			825,336		855,194

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

STATEMENT OF CHANGES IN EQUITY for the Year Ended 30th September 2016

	Share Capital £	Revenue Reserve £	Revaluation Reserve £	Total £
Balance as at 1 October 2015	954	16,572,117	14,096,133	30,669,204
Issue of Shares	39	-	-	39
Cancellation of Shares	(33)	-	-	(33)
Transfer	-	261,474	(261,474)	-
Surplus For Year	-	1,694,185	-	1,694,185
Balance as at 30 September 2016	960	18,527,776	13,834,659	32,363,395

	Share Capital £	Revenue Reserve £	Revaluation Reserve £	Total £
Balance as at 1 October 2014	952	15,237,594	14,371,877	29,610,423
Issue of Shares	48	-	-	48
Cancellation of Shares	(46)	-	-	(46)
Transfer	-	275,744	(275,744)	-
Surplus For Year	-	1,058,779	-	1,058,779
Balance as at 30 September 2015	954	16,572,117	14,096,133	30,669,204

The revenue reserves opening balance has been re-stated to reflect the adoption of the Social Housing Statement of Recommended Practice 2014 and Financial Reporting Standard 102.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

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 Co-operative is a public benefit entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after the 1st of January 2015.

Revenue

The Co-operative recognises rent receivable net of losses from voids. Service charge income (net of voids) is recognised when expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the assets to which they relate.

Retirement Benefits

The Co-operative participates in the Scottish Housing Associations Pension Scheme and retirement benefits to employees of the Co-operative 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 employers taken as a whole.

The Co-operative accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation of Housing Properties

Housing Properties are stated at deemed cost less accumulated depreciation. Housing under construction and land are not depreciated. The Co-operative 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.

<u>Component</u>	<u>Useful Economic Life</u>
Building	50 yrs
Roof	40 yrs
External Wall Render	30 yrs
External Doors	25 yrs
Windows	25 yrs
Radiators	30 yrs
Boilers	20 yrs
Bathrooms	25 yrs
Kitchens	15 yrs

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:-

Office property	- 2%
Computer equipment	- 33%
Furniture and fittings	- 15%
Tools and equipment	- 15%
Motor vehicles	- 25%

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

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 they relate.

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

Sale 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.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Rosehill Housing Co-operative Limited'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, is disclosed below:

Rent Arrears - Bad Debt Provision

The Co-operative assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place and court action.

Life Cycle of Components

The Co-operative estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Works to Existing Properties

The Co-operative 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.

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Co-operative has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Co-operative has not re-visited previous accounting estimates.
- ii) The Co-operative has taken the opportunity to apply the exemption under FRS102 which permits first-time adopters to elect to measure Housing Properties at their fair value at the date of transition and use that fair value as its deemed cost at that date.

b) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Co-operative's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS102.

c) Identification of cash generating units

The Co-operative considers its cash-generating units to be the individual housing property units which it manages for asset management purposes.

d) Pension Liability

We have calculated the SHAPS past service deficit liability using the latest completed valuation, this being based upon the 2015 triennial valuation, and believe this represents a fair estimate of the liability due at the balance sheet date.

Financial Instruments - Basic

The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Co-operative's debt instruments are measured at amortised cost using the effective interest rate method.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2016			2015		
		Revenue £	Operating Costs £	Operating Surplus / Deficit £	Revenue £	Operating Costs £	Operating Surplus / Deficit £
Affordable Letting Activities	3	3,605,528	(2,531,493)	1,074,035	3,619,925	(2,508,813)	1,111,112
Other Activities	4	31,054	(1,716)	29,338	3,541	(3,081)	460
Total		3,636,582	(2,533,209)	1,103,373	3,623,466	(2,511,894)	1,111,572

3. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES

	General		Shared		2016 Total £	2015 Total £
	Needs Housing £	Supported Housing £	Ownership Housing £			
Turnover from affordable letting activities						
Rent receivable net of service charges	3,461,625	28,754	20,805		3,511,184	3,451,345
Service charges receivable	2,739	55,455	-		58,194	54,555
Gross income from rents and service charges	3,464,364	84,209	20,805		3,569,378	3,505,900
Less: Rent losses from voids	(2,751)	(19,262)	-		(22,013)	(22,201)
Net income from rents and service charges	3,461,613	64,947	20,805		3,547,365	3,483,699
Revenue grants from Scottish Ministers	58,163	-	-		58,163	136,226
Total turnover from affordable letting activities	3,519,776	64,947	20,805		3,605,528	3,619,925
Expenditure on social letting activities						
Management and maintenance administration costs	966,722	22,334	6,263		995,319	905,979
Service costs	1,020	13,859	-		14,879	9,984
Planned and cyclical maintenance including major repair costs	308,387	460	-		308,847	464,813
Reactive maintenance costs	443,586	1,284	-		444,870	490,253
Bad debts - rents and service charges	6,235	-	-		6,235	6,085
Depreciation of affordable let properties	745,154	9,167	7,022		761,343	631,699
Operating costs for affordable letting activities	2,471,104	47,104	13,285		2,531,493	2,508,813
Operating surplus for affordable letting activities	1,048,672	17,843	7,520		1,074,035	1,111,112
(2015)	969,768	14,865	15,257		999,890	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been stated to reflect the requirements of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102. Comparative figures have been re-stated on the same basis.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Supporting People Income £	Other Income £	Total Revenue £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2016 £	Operating Surplus / (Deficit) 2015 £
Support activities	515	-	515	-	(97)	418	325
Factoring	-	2,893	2,893	992	(2,611)	1,274	135
LHO Income	-	27,646	27,646	-	-	27,646	-
Total from other activities	515	30,539	31,054	992	(2,708)	29,338	460
2015	517	3,024	3,541	(644)	(2,437)	460	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been stated to reflect the requirements of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102. Comparative figures have been re-stated on the same basis.

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or employees of the Co-operative. One officer of the Co-operative received emoluments (excluding pension contributions) greater than £60,000 as follows:

	2016 £	2015 £
Gross salary	70,904	69,490
Benefits in Kind	3,447	2,546
Total emoluments payable to Chief Executive (excluding pension contributions)	74,351	72,036

The Chief Executive is an ordinary member of the Co-operative's pension scheme described in notes 1 and 26. 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 £9,288 (2015 - £8,984).

6. EMPLOYEE INFORMATION

	2016 No.	2015 No.
The average monthly number of full time equivalent persons employed during the year was	17	16
The average total number of persons employed during the year was	18	16
Staff Costs were:	£	£
Wages and Salaries	597,759	532,493
National Insurance Costs	49,566	45,987
Other Pension Costs	59,418	51,360
Temporary, seconded and agency staff	-	3,024
	706,743	632,864

The disclosure of employee information has been stated to reflect the requirements of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102. Comparative figures have been re-stated on the same basis.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTEREST PAYABLE

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>43,768</u>	<u>48,608</u>

8. OPERATING SURPLUS

	2016	2015
	£	£
The Operating Surplus is stated after charging:-		
Depreciation - tangible owned fixed assets	795,771	658,140
Auditors' remuneration - audit services	<u>6,720</u>	<u>6,600</u>

9. TAX ON SURPLUS FOR YEAR

	2016	2015
	£	£
Corporation Tax has been provided on the Case III untaxed interest received and other non-rental income as follows:-		
UK Corporation Tax		
Interest received	20,519	18,275
Other income	<u>8,549</u>	<u>3,151</u>
	<u>29,068</u>	<u>21,426</u>

10. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Movement in fair value of pension past service deficit liability	<u>735,556</u>	<u>-</u>

11. OTHER FINANCE INCOME / (CHARGES)

	2016	2015
	£	£
Unwinding of discounted liabilities	<u>(174,499)</u>	<u>(74,137)</u>

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS

a) Housing Properties

	Held for Letting £	In course of Construction £	Shared Ownership £	Total £
COST				
At 1st October 2015	29,449,751	455,843	348,084	30,253,678
Additions	458,708	199,239	-	657,947
Scheme Transfers	90,847	-	(90,847)	-
Disposals	(26,193)	-	-	(26,193)
At 30th September 2016	29,973,113	655,082	257,237	30,885,432
DEPRECIATION				
At 1st October 2015	4,461,412	-	32,483	4,493,895
Scheme Transfers	13,140	-	(13,140)	-
Eliminated on Disposals	(13,340)	-	-	(13,340)
Charge for Year	741,468	-	7,022	748,490
At 30th September 2016	5,202,680	-	26,365	5,229,045
NET BOOK VALUE				
At 30th September 2016	24,770,433	655,082	230,872	25,656,387
At 30th September 2015	24,988,339	455,843	315,601	25,759,783

Additions to housing properties include capitalised development administration costs of £nil (2015 - £nil). Total capitalised expenditure on existing properties in the year amounted to £248,597. All of this expenditure related to component replacements. All land and housing properties are freehold.

b) Other Non Current Assets

	Office Office Premises £	Fixtures & Fittings £	Tools & Equipment £	Motor Vehicles £	Computer Equipment £	Total £
COST						
At 1st October 2015	551,300	79,225	54,734	22,502	127,469	835,230
Additions	-	813	5,172	-	33,234	39,219
Disposals	-	(5,219)	(935)	-	(14,680)	(20,834)
At 30th September 2016	551,300	74,819	58,971	22,502	146,023	853,615
AGGREGATE DEPRECIATION						
At 1st October 2015	120,469	71,560	45,776	19,502	119,179	376,486
Eliminated on Disposals	-	(5,219)	(935)	-	(14,680)	(20,834)
Charge for year	11,026	2,901	3,428	-	17,073	34,428
At 30th September 2016	131,495	69,242	48,269	19,502	121,572	390,080
NET BOOK VALUE						
At 30th September 2016	419,805	5,577	10,702	3,000	24,451	463,535
At 30th September 2015	430,831	7,665	8,958	3,000	8,290	458,744

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. CAPITAL COMMITMENTS

	2016	2015
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements.	<u>505,972</u>	<u>665,558</u>

The above commitments will be financed from the Co-operatives own resources.

14. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Bank Deposits	<u>11,754,877</u>	<u>10,383,034</u>

15. INVENTORIES

	2016	2015
	£	£
Maintenance materials	<u>2,567</u>	<u>2,892</u>

16. RECEIVABLES: Amounts Receivable within One Year

	2016	2015
	£	£
Arrears of Rent & Service Charges	96,490	168,837
Less: Provision for Doubtful Debts	(47,084)	(53,789)
	<u>49,406</u>	<u>115,048</u>
Social Housing Grant Receivable	31,020	9,381
Other Receivables	16,390	1,896
Prepayments and Accrued Income	81,843	93,479
	<u>178,659</u>	<u>219,804</u>

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PAYABLES: Amounts falling due within one year

	2016	2015
	£	£
Housing Loans	260,846	305,637
Trade Payables	167,488	118,303
Rent in Advance	137,109	40,928
Social Housing Grant in Advance	-	55,625
Corporation Tax	29,068	21,426
Other Taxation and Social Security	18,515	16,683
Other Payables	294,303	377,831
Pension Past Service Deficit Liability	117,317	111,580
Accruals and Deferred Income	183,464	31,854
	<u>1,208,110</u>	<u>1,079,867</u>

18. PAYABLES: Amounts falling due after more than one year

	2016	2015
	£	£
Housing Loans	4,137,630	4,398,477
Pension Past Service Deficit Liability	569,950	1,251,303
	<u>4,707,580</u>	<u>5,649,780</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:-

Housing loans due - within one year	260,846	305,637
- in one year or more but less than two years	260,846	260,846
- in two years or more but less than five years	782,539	782,539
- in more than five years	3,094,245	3,355,092
	<u>4,398,476</u>	<u>4,704,114</u>
Less: included within current liabilities	(260,846)	(305,637)
	<u>4,137,630</u>	<u>4,398,477</u>

The Co-operative has loans with the Bank of Scotland and the Clydesdale Bank. All of the Co-operative's loans are repayable on a monthly basis with the principle being amortised over the term of the loans. The Co-operative has one loan with the Clydesdale Bank with a fixed interest rate of 0.75%. This loan is secured with a deposit of the same value. The Co-operative has six loans with the Bank of Scotland on variable interest rates. These variable rates are linked to Base Rate with margins ranging between 0.6% and 0.7%. These loans are secured over 632 properties with an existing use value of £15.2m.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. PAYABLES: Amounts falling due after more than one year (continued)

The Pension Past Service Deficit Liability has been accounted for in accordance with Financial Reporting Standard 102, paragraph 28.13A and represents the present value of the contributions payable. The cash outflows have been discounted at a rate of 2.67% (2015 - 0.97%) are repayable in instalments due as follows:-

Pension Past Service Deficit Liability due - within one year	117,317	111,580
- in one year or more but less than two years	120,126	111,938
- in two years or more but less than five years	375,064	337,978
- in more than five years	74,760	801,387
	<u>687,267</u>	<u>1,362,883</u>
Less: included within current liabilities	(117,317)	(111,580)
	<u><u>569,950</u></u>	<u><u>1,251,303</u></u>

19. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 30th September 2016</i>	2016	2015
	£	£
Operating Surplus	1,103,373	1,111,572
Depreciation	795,771	658,140
Amortisation of Social Housing Grants	-	-
Decrease in Stocks	325	3,683
Decrease in Receivables	25,490	3,705
(Decrease) in Payables	(615,146)	(36,187)
Loss on Disposal of Other Fixed Assets	-	-
Movement in fair value of pension past service deficit liability	735,556	-
Unwinding of Discount on Pension Liability	(174,499)	(74,137)
Share Capital Written Off	(34)	(46)
Net Cash Inflow from Operating Activities	<u><u>1,870,836</u></u>	<u><u>1,666,730</u></u>

20. DEFERRED INCOME

	2016	2015
	£	£
<u>Social Housing Grants</u>		
Balance as at 1st October 2015	280,600	-
Additions in year	321,676	280,600
Balance as at 30th September 2016	<u><u>602,276</u></u>	<u><u>280,600</u></u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Within one year	-	-
In more than one year	602,276	280,600
	<u><u>602,276</u></u>	<u><u>280,600</u></u>

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st October 2015	954
Issued in year	40
Cancelled in year	(34)
	<hr/>
At 30th September 2016	960
	<hr/> <hr/>

Each member of the Co-operative holds one share of £1 in the Co-Operative. 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 Co-operative. Each member has a right to vote at members' meetings.

22. HOUSING STOCK

	2016	2015
	No.	No.
The number of units of accommodation in management at the year end was:-		
General Needs - New Build	423	423
General Needs - Rehabilitation	538	532
Shared Ownership	6	10
Supported Housing	2	2
	<hr/>	<hr/>
	969	967
	<hr/> <hr/>	<hr/> <hr/>

23. RELATED PARTY TRANSACTIONS

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

The related party relationships of the members of the Management Committee are summarised as follows:

- All members of the Management Committee are tenants of the Co-operative

The Management Committee have tenancies that are on the Co-operative's normal tenancy terms and they cannot use their positions to their advantage. Any transaction between the Co-operative and an entity with which a Management Committee member has a connection is made at arm's length and under normal commercial terms.

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

- rent received from tenants on the Management Committee amounted to £36,172

At the year end total rent arrears owed by the members of the Management Committee amounted to £424

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. GOVERNING BODY MEMBER EMOLUMENTS

Members of the Management Committee received £200 in the year by way of reimbursement of expenses (2015 - £250). No remuneration is paid to members of the Management Committee in respect of their duties in the Co-operative.

25. DETAILS OF CO-OPERATIVE

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

The Co-operative's principal place of business is 250 Peat Road, Glasgow G53 6SA

The Co-operative is a Registered Social Landlord that owns and manages social housing property in the City of Glasgow.

26. RETIREMENT BENEFIT OBLIGATIONS

General

Rosehill Housing Co-operative Limited participates in the Scottish Housing Associations' Pension Scheme ("the Scheme").

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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 FRS102 represents the employer contribution payable.

The last formal 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, the liability of the withdrawing employer is re-apportioned amongst the remaining employers. Therefore in certain circumstances the Co-operative may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para28.11A of Financial Reporting Standard 102. At the 30th of September 2016 the present value of this obligation was £569,950 (2015: £1,251,303). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. The discount rate used was 2.67%.

The Co-operative made payments totalling £168,918 (2015: £162,582) to the pension scheme during the year.

ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Co-operative has adopted the Financial Reporting Standard for the UK & Ireland (FRS 102) for the accounting period beginning on the 1st of October 2015. As a result of this the comparative figures for the period ending on the 30th of September 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the difference between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 30th September 2016.

		Reconciliation of Capital & Reserves					
		At 30 September 2015			At 30 September 2014		
	Note	As stated previously £	Effect of transition £	As re-stated £	As stated previously £	Effect of transition £	As re-stated £
Non Current Assets	(i)	25,937,927	280,600	26,218,527	25,815,274	280,600	26,095,874
Current Assets		11,460,924	-	11,460,924	11,087,347	-	11,087,347
Current Liabilities	(ii)	(968,287)	(111,580)	(1,079,867)	(1,188,117)	(107,941)	(1,296,058)
Non Current Liabilities	(ii)	(4,398,477)	(1,251,303)	(5,649,780)	(4,704,113)	(1,292,027)	(5,996,140)
Deferred Income	(i)	-	(280,600)	(280,600)	-	(280,600)	(280,600)
Capital & Reserves		<u>32,032,087</u>	<u>(1,362,883)</u>	<u>30,669,204</u>	<u>31,010,391</u>	<u>(1,399,968)</u>	<u>29,610,423</u>

		Reconciliation of Retained Surplus for the Year ended 30 September 2015		
	Note	As stated previously £	Effect of transition £	As re-stated £
Revenue	(i)	3,498,613	124,853	3,623,466
Operating Costs	(i) & (ii)	(2,498,263)	(13,631)	(2,511,894)
Interest Receivable		91,378	-	91,378
Interest Payable		(48,608)	-	(48,608)
Taxation		(21,426)	-	(21,426)
Other Financial Income / Costs		-	(74,137)	(74,137)
Surplus		<u>1,021,694</u>	<u>37,085</u>	<u>1,058,779</u>

Notes to the Reconciliations

(i) Social Housing Grants and other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) As the Co-operative has entered into an agreement to make contributions to fund a deficit in the Scottish Housing Associations' Pension Scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.