

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

Financial Conduct Authority No. 2420R(S)

Registered Housing Association No. HCB 277

Registered Charity No. SC041911

**FRENCH DUNCAN LLP**  
Chartered Accountants and Statutory Auditor  
133 Finnieston Street  
Glasgow  
G3 8HB

**RUCHAZIE HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**MEMBERS, EXECUTIVE AND ADVISERS**

**Management Committee**

I Moor	Chairperson
B Tollett	Vice chairperson
A Macdonald	Secretary
P McInally	Resigned
D Millen	Resigned
M Caldwell	Resigned
A Galor	
D Vickers	
M Ferguson	
M McDonald	Appointed Oct 2013
P McTaggart	

**Registered Office**

24 Avondale Street  
Ruchazie  
Glasgow  
G33 3QS

**Auditors**

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

**Executive Officers**

W Nicol	Director
G Shepherd	Finance Manager

**Bankers**

The Royal Bank of Scotland plc  
92 Smithycroft Road  
Glasgow  
G33 2RQ

**Solicitors**

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2014**

The Management Committee presents their report and the audited financial statements for the year ended 31 March 2014.

**Legal status**

The Association is registered as a non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014. The Association is constituted under its rule book. On 14 November 2010 the Association became a registered charity.

**Principal Activities**

The principal activity of the Association is the provision of rented accommodation.

**Objectives**

To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

**Changes in fixed assets**

Details of fixed assets are set out in Notes 8 and 9.

**Review of business and future developments**

The Committee is satisfied with the Association's performance during the year. The surplus for the year after taxation was £178,870 (2013 - £116,600). The Association's net assets are now £751,832 (2013 - £572,967).

The Committee are satisfied with the level of designated reserves to meet its longer term planned and major repair work. Future rent setting will continue to take account of both short and longer term commitments.

**The Management Committee and executive officers**

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

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

**Statement of Committee's responsibilities**

The Management Committee is responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Housing Association legislation requires the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those 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 Association will continue in business; and
- prepare a statement on internal financial control.

**REPORT OF THE MANAGEMENT COMMITTEE (Continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the accounts comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements (Scotland) April 2012.

The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee confirms that the financial statements comply with the above requirements.

**Internal Financial Controls**

The Committee is responsible for the Association's system of internal financial control and has reviewed its effectiveness from information provided by management and staff.

Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and the Committee.

**Related Party Transactions**

Five of the Committee members are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

**Statement of disclosure to auditor**

- (a) so far as the Committee are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as members of the Committee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

A resolution proposing French Duncan LLP be re-appointed as auditors will be put to the members at the Annual General Meeting.

**By order of the Committee**

A Macdonald - Secretary

Dated: 12-9-14

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RUCHAZIE HOUSING ASSOCIATION LIMITED**

We have audited the Financial Statements on pages 6 to 22, which have been prepared under the accounting policies, set out on pages 9 to 11. 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 Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Committee and auditors**

As explained more fully in the Committee's Responsibilities Statement set out on pages 2 and 3, the Committee is responsible for the preparation of the 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 (APB'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 Association'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 Management 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 Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements (April 2012).

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RUCHAZIE HOUSING ASSOCIATION LIMITED**

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

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

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



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

Dated: 16/09/2014

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
Turnover	2	730,124	700,743
Less: Operating costs	2	(519,076)	(541,373)
<b>Operating surplus</b>	2	<u>211,048</u>	<u>159,370</u>
Interest receivable and other income	4	1,431	1,726
Interest payable and similar charges	5	(33,609)	(44,496)
<b>Surplus on ordinary activities before taxation</b>		178,870	116,600
Tax on surplus on ordinary activities		<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u><u>178,870</u></u>	<u><u>116,600</u></u>

The results for the year relate wholly to continuing activities.



**RUCHAZIE HOUSING ASSOCIATION LIMITED**

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**BALANCE SHEET  
AS AT 31 MARCH 2014**

	Notes	2014	2013
		£	£
<b>Tangible Fixed Assets</b>			
Housing properties – cost less depreciation		17,062,409	17,116,292
Less SHG and other grants	8	14,182,379	14,188,908
	8	<u>2,880,030</u>	<u>2,927,384</u>
NSSE Loan		553,855	553,855
NSSE Grant		<u>(553,855)</u>	<u>(553,855)</u>
		-	-
Other fixed assets	9	<u>33,537</u>	<u>28,619</u>
		<u>2,913,567</u>	<u>2,956,003</u>
<b>Current Assets</b>			
Debtors	10	50,396	45,459
Cash at bank and in hand		669,202	607,636
		<u>719,598</u>	<u>653,095</u>
<b>Creditors: Amounts Falling Due within One Year</b>	11	<u>(248,647)</u>	<u>(253,947)</u>
<b>Net Current Assets</b>		<u>470,951</u>	<u>399,148</u>
<b>Total Assets less Current Liabilities</b>		<u>3,384,518</u>	<u>3,355,151</u>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	12	<u>(2,632,684)</u>	<u>(2,782,184)</u>
<b>Net Assets</b>		<u>751,834</u>	<u>572,967</u>
<b>Capital and Reserves</b>			
Share capital	13	99	104
Designated reserves	6	26,000	26,000
Revenue reserve	7	725,735	546,863
		<u>751,834</u>	<u>572,967</u>

The financial statements were approved by the Management Committee on 12/09 2014 and were signed on its behalf by:

I Moor Chairperson *I Moor*  
 B Tollett Vice chairperson *B Tollett*  
 A Macdonald Secretary *A Macdonald*

The notes on pages 9 to 22 form part of these financial statements

**STATEMENT OF CASH FLOW  
FOR THE YEAR TO 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>18</b>	<u>281,418</u>	<u>164,555</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		1,431	1,726
Interest paid		(33,609)	(44,496)
		<u>(32,178)</u>	<u>(42,770)</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>249,240</u>	<u>121,785</u>
<b>TAXATION</b>			
Tax paid		-	5,440
<b>CAPITAL EXPENDITURE</b>			
Cash paid for development, construction and purchase of housing		(28,183)	(259,238)
Purchase of other fixed assets		(8,644)	(25,697)
Social Housing Grant received and abated		96	6,074
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<u>(36,731)</u>	<u>(278,861)</u>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<u>212,519</u>	<u>(151,636)</u>
<b>FINANCING</b>			
HP repayments		(288)	(135)
Repayments of loans		(150,655)	(151,818)
Shares issued		-	1
<b>NET CASH OUTFLOW FROM FINANCING</b>		<u>(150,943)</u>	<u>(151,952)</u>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>19</b>	<u><u>61,566</u></u>	<u><u>(303,588)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****1. Accounting Policies****(a) Introduction and accounting basis**

The principal accounting policies of the Association are set out in paragraphs (b) to (k) below.

These financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and statements of recommended practice and comply with the requirements of the Determination of Accounting Requirements (April 2012).

**(b) Turnover**

Turnover represents rental and service charge income, factoring service income and fees or revenue grants receivable from local authorities and from the Scottish Government, together with proceeds of NSSE sales.

**(c) Loans**

Mortgage loans are advanced by private lenders or the Scottish Housing Regulator under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by Glasgow City Council.

**(d) Social Housing Grant (SHG)**

SHG, at amounts approved by Glasgow City Council, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following sale of property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.

**(e) Fixed assets – Housing Properties**

Housing Properties are stated at cost, less SHG and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs
3. Interest charged on the mortgage loans raised to finance the scheme

These costs are either termed “qualifying costs” by the Scottish Housing Regulator for approved social housing grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association’s reserves.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**1. Accounting Policies (continued)**

**(e) Fixed assets – Housing Properties (continued)**

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Interest is capitalised from first draw down of private finance according to the funding arrangements agreed by the Scottish Government. This will normally occur after SHG has been claimed up to the agreed limit.

All costs and grants relating to the share of property sold are accounted for in accordance with the Statement of Recommended Practice (2010) treating all proceeds from first tranche sales in the income and expenditure account as turnover with only the surplus or deficit being accounted for in the income and expenditure account for subsequent tranches.

**(f) Depreciation**

**1. Housing properties**

The Association has adopted component accounting. Properties, other than the assessed land element, are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are as follows:

	Depreciation Period (Years)
Bathrooms	20
Central Heating	15
Kitchens	18
Structure	50
Windows	30

**2. Other fixed assets**

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Furniture, Fittings & Equipment	- 33% straight line
Office Property	- 10% reducing balance

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****1. Accounting Policies (continued)****(g) Designated Reserves (Note 6)****(i) Major Repairs**

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred, and to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to Revenue Reserve as appropriate.

**(h) Apportionment of management expenses**

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

**(i) Pensions (Note 21)**

The Association provides a pension scheme, through The Pensions Trust – Scottish Housing Associations' Pension Scheme, for the benefit of its employees. The funds of the scheme are administered by an independent trustee and are separate from the Association. Independent actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules. The costs of these are charged against surpluses on a systematic basis over the service lives of the employees.

**(j) Financial Commitments**

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**(k) Finance Leases**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

**(l) VAT**

The Association is not VAT registered. All expenditure as a result is shown inclusive of VAT.

RUCHAZIE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

2. Particulars of Turnover, Operating Costs and Operating Surplus

	Note	2014		2013	
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)
		£	£	£	£
Social Lettings	3a	728,549	(515,262)	213,287	161,438
Other activities	3b	1,575	(3,814)	(2,239)	(2,068)
<b>Total</b>		<u>730,124</u>	<u>(519,076)</u>	<u>211,048</u>	<u>159,370</u>
Total for previous period of account		700,743	(541,373)	159,370	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**3a. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Social Letting Activities**

	<b>2014</b>	<b>2013</b>
	<b>General Needs Housing</b>	<b>General Needs Housing</b>
	<b>£</b>	<b>£</b>
<b>Income from social lettings</b>		
Rent receivable net of service charges	729,346	700,634
Rent losses from voids	(797)	(1,441)
<b>Net rents receivable</b>	<u>728,549</u>	<u>699,193</u>
Grants from Scottish Ministers	-	-
Other revenue grants	-	-
<b>Total income from social letting activities</b>	<u>728,549</u>	<u>699,193</u>
<b>Operating costs for social letting activities</b>		
Management and maintenance administration costs	353,840	320,545
Service costs	-	-
Planned and cyclical maintenance including major repairs costs	42,665	66,021
Reactive maintenance	48,454	49,526
Bad debts – rents and service charges	(5,138)	1,193
Depreciation of social housing	75,441	100,470
<b>Operating costs for social letting activities</b>	<u>515,262</u>	<u>537,755</u>
Operating surplus on social lettings	<u>213,287</u>	<u>161,438</u>

There is no other accommodation except for General Needs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**3b. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities**

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	1,575	-	-	1,575	-	(1,575)	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	(2,239)	(2,239)	(2,068)
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvement for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	<b>-</b>	<b>1,575</b>	<b>-</b>	<b>-</b>	<b>1,575</b>	<b>-</b>	<b>(3,814)</b>	<b>(2,239)</b>	<b>(2,068)</b>
<b>Total from other activities for the previous period of account</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>(3,618)</b>	<b>(2,068)</b>	



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £	
<b>4. Interest Receivable and Other Income</b>			
Interest receivable on deposits	<u>1,431</u>	<u>1,726</u>	
<b>5. Interest Payable and Similar Charges</b>			
On private loans	<u>33,609</u>	<u>44,496</u>	
<b>6. Designated Reserves</b>			
	<b>Opening Balance £</b>	<b>Transfer £</b>	<b>Closing Balance £</b>
Major repairs	<u>26,000</u>	<u>-</u>	<u>26,000</u>
<b>7. Revenue Reserves</b>			
	<b>2014 £</b>	<b>2013 £</b>	
At 1 April 2013	546,863	430,263	
Surplus for the year	178,870	116,600	
At 31 March 2014	<u>725,733</u>	<u>546,863</u>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**8. Tangible Fixed Assets**

	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Total £
<b>Cost</b>			
At 1 April 2013	17,965,958	2,400	17,968,358
Additions during year	15,533	12,650	28,183
Disposals during year	(7,566)	-	(7,566)
Transfers to completed schemes	-	-	-
	<u>17,973,925</u>	<u>15,050</u>	<u>17,988,975</u>
At 31 March 2014			
<b>Depreciation</b>			
At 1 April 2013	852,066	-	852,066
Charge for year	75,441	-	75,441
Disposals	(941)	-	(941)
	<u>926,566</u>	<u>-</u>	<u>926,566</u>
At 31 March 2014			
<b>SHG and other Grants</b>			
At 1 April 2013	14,188,908	-	14,188,908
Received during year	96	-	96
Grants repayable	-	-	-
Disposals	(6,625)	-	(6,625)
Transfers to completed schemes	-	-	-
	<u>14,182,379</u>	<u>-</u>	<u>14,182,379</u>
At 31 March 2014			
<b>Net Book Value</b>			
At 31 March 2014	<u>2,864,980</u>	<u>15,050</u>	<u>2,880,030</u>
At 31 March 2013	<u>2,924,984</u>	<u>2,400</u>	<u>2,927,384</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**9. Tangible Fixed Assets – Other Assets**

	Furniture, Fittings & Equipment £	Office Property £	Total £
<b>Cost</b>			
At 1 April 2013	44,545	45,697	90,242
Additions during year	-	8,644	8,644
	<u>44,545</u>	<u>54,341</u>	<u>98,886</u>
At 31 March 2014			
<b>Depreciation</b>			
At 1 April 2013	44,545	17,078	61,623
Charge for year	-	3,726	3,726
	<u>44,545</u>	<u>20,804</u>	<u>65,349</u>
At 31 March 2014			
<b>Net Book Value</b>			
At 31 March 2014	<u>-</u>	<u>33,537</u>	<u>33,537</u>
At 31 March 2013	<u>-</u>	<u>28,619</u>	<u>28,619</u>

**10. Debtors**

	2014 £	2013 £
Amounts falling due within one year:		
Rental debtors – housing benefit	43,770	48,179
Less: Provision for bad debts	(3,905)	(9,043)
	<u>39,865</u>	<u>39,136</u>
Other debtors and prepayments	10,531	6,323
	<u>50,396</u>	<u>45,459</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**11. Creditors: Amounts Falling Due within One Year**

	2014 £	2013 £
Bank loans and overdrafts	150,653	151,808
HP Creditor	-	288
Contract retentions	-	-
Trade Creditors	6,487	4,151
Other taxes and social security	4,310	5,628
Prepaid rent	6,701	5,833
Accruals and deferred income	80,496	86,239
	<u>248,647</u>	<u>253,947</u>

**12. Creditors: Amounts Falling Due After More Than One Year**

Housing Loans		
Due between one and two years	150,656	151,813
Due between two and five years	451,969	455,440
Due in five years or more	2,030,059	2,174,931
	<u>2,632,684</u>	<u>2,782,184</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.

**13. Share Capital**

At 1 April 2013	104	103
Shares of £1 each fully paid and issued during the year	-	1
Shares forfeited in year	(5)	-
At 31 March 2014	<u>99</u>	<u>104</u>

**14. Operating Lease Commitments**

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

<b>Expiry date:</b>		
Between 2 and 5 years	2,768	-
After 5 years	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**15. Directors' Emoluments**

The directors are defined as the members of the Management Committee, the chief executive and any other person reporting directly to the chief executive or the Management Committee whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	<u>53,958</u>	<u>51,275</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions)	<u>49,232</u>	<u>46,729</u>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>709</u>	<u>470</u>

**16. Employee Information**

	<b>No.</b>	<b>No.</b>
Administrative staff	<u>5</u>	<u>5</u>
	<b>£</b>	<b>£</b>
Staff costs (including director's emoluments):		
Wages and salaries	170,941	160,499
Social security costs	14,563	14,156
Pension costs (note 21)	28,951	27,571
	<u>214,455</u>	<u>202,226</u>

**17. Operating Surplus**

	<b>£</b>	<b>£</b>
Operating surplus is stated after charging:		
Depreciation	79,167	100,470
Auditor's remuneration		
- In their capacity as auditors	5,150	4,995
- In respect of other services	<u>1,245</u>	<u>3,508</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**18. Reconciliation of Operating Surplus to Net Cash Inflow  
from Operating Activities**

	2014	2013
	£	£
Operating surplus	211,048	159,370
Depreciation	79,167	100,470
Increase in debtors	(5,132)	64,359
Decrease in creditors	(3,660)	(159,644)
Shares cancelled	(5)	-
	<u>281,418</u>	<u>164,555</u>

**19. Reconciliation of Net Cashflow to Movement in Net Debt**

	2014	2013
	£	£
Increase in cash in year	61,566	(303,588)
Loans repaid	150,655	151,818
HP repayments	288	135
	<u>212,509</u>	<u>(151,635)</u>
Net debt at 1 April 2013	<u>(2,326,644)</u>	<u>(2,175,009)</u>
Net debt at 31 March 2014	<u>(2,114,135)</u>	<u>(2,326,644)</u>

**20. Analysis of Changes in Debt**

	As at 1 April 2013 £	Cash Flows £	Other Changes £	As at 31 March 2014 £
Cash at bank and in hand	607,636	61,566	-	669,202
HP finance	(288)	288	-	-
Debt due within 1 year	(151,808)	150,655	(149,500)	(150,653)
Debt due after 1 year	<u>(2,782,184)</u>	-	149,500	<u>(2,632,684)</u>
	<u>(2,326,644)</u>	<u>212,509</u>	<u>-</u>	<u>(2,114,135)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****21. Pensions**

Ruchazie Housing Association (the "Association") participates in the Scottish Housing Association Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

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 purpose, 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 for 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 the 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**21. Pensions (continued)**

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Ruchazie Housing Association Limited was £1,034,091.

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 5 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £220,173.

**22. Housing Stock**

The number of units of accommodation in management was as follows:-

	Units in Management	
	2014 No	2013 No
General needs:		
New Build	190	190
Improved	24	24
Commercial	1	1
	215	215

**23. Related Parties**

Several members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.