

**RUCHAZIE HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

Registered Housing Association Number: HCB 277  
FCA Reference Number: 2420R (S)  
Scottish Charity Registration Number: SC041911

## **RUCHAZIE HOUSING ASSOCIATION LIMITED**

### **CONTENTS**

	Page.
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	3
REPORT FROM THE MANAGEMENT COMMITTEE	4
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	7
REPORT OF THE AUDITORS	8
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CASH FLOWS	12
STATEMENT OF CHANGES IN EQUITY	13
NOTES TO THE FINANCIAL STATEMENTS	14

## **RUCHAZIE HOUSING ASSOCIATION LIMITED**

---

### **The Management Committee, Executives and Advisers For the Year Ended 31 March 2016**

#### **MEMBERS OF THE MANAGEMENT COMMITTEE**

I Moor	Chairperson
B Tollett	Vice Chairperson
A Macdonald	Secretary
A Galor	Committee Member
D Vickers	Committee Member
M Ferguson (resigned January 2016)	Committee Member
P McTaggart (resigned January 2016)	Committee Member
F Cafolla (resigned January 2016)	Committee Member
A Smith (appointed January 2016)	Committee Member
C Henderson (appointed January 2016)	Committee Member
R Rigley (appointed June 2016)	Committee Member
H Holland (appointed June 2016)	Committee Member

#### **EXECUTIVE OFFICERS**

W Nicol	Director
G Shepherd	Finance Manager

#### **REGISTERED OFFICE**

24 Avondale Street  
Ruchazie  
Glasgow  
G33 3QS

#### **AUDITORS**

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

#### **BANKERS**

The Royal Bank of Scotland plc  
Glasgow Parkhead (A) Branch  
1304 Duke Street  
Glasgow  
G31 5PZ

#### **SOLICITORS**

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

## **RUCHAZIE HOUSING ASSOCIATION LIMITED**

---

### **Report from The Management Committee For the Year Ended 31 March 2016**

The Management Committee presents their report and the Financial Statements for the year ended 31 March 2016

#### **Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1825R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC041911.

#### **Principal Activities**

The principal activity of the Association is the provision of social housing.

#### **Review of business and future developments**

The completion of the joint development project with Cube HA is a major milestone for the Association and completes all development obligations.

Looking forward a major review of activities will be undertaken to set out how the Association can manage assets effectively, deliver value for money for tenants and meet regulatory standards.

The Association will continue to work with others to drive forward the regeneration of Ruchazie.

#### **Management Committee and Executive Officers**

The members of the Management Committee and the Executive Officers are listed on Page 3.

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

The Co-operative and Community Benefit Act 2014 require The Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014, the Housing SORP 2014, and the Determination of Accounting Requirements - 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

## **RUCHAZIE HOUSING ASSOCIATION LIMITED**

---

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

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

### **Statement on Internal Financial Control**

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

- The reliability of financial information used within the Association, or for publication;
- The maintenance of proper accounting records; 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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in

## RUCHAZIE HOUSING ASSOCIATION LIMITED

---

existence in the Association for the year ended 31 March 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**

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

### **By order of Management Committee**



A Macdonald, Secretary  
September 2016

20

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "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 Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**French Duncan LLP**  
Chartered Accountants  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
21 September 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUCHAZIE HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Ruchazie Housing Association Limited for the year ended 31 March 2016 which comprise 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 including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association'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 Association'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 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 MANAGEMENT COMMITTEE AND AUDITORS**

As explained more fully in the Statement of the Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the 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 Association'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 of our report.

**OPINION ON THE 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 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 2010, the Housing SORP 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 Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**French Duncan LLP**  
Chartered Accountants  
Statutory Auditors  
133 Finnieston Street  
GLASGOW

21 September 2016

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	restated 2015 £
<b>REVENUE</b>	2.	1,021,955	990,584
Operating Costs	2.	<u>(842,532)</u>	<u>(817,186)</u>
<b>OPERATING SURPLUS</b>	9.	179,423	173,398
Gain on Sale of Housing Stock	7.	-	-
Interest Receivable and Other Income		1,305	1,223
Interest Payable and Similar Charges	8.	(32,398)	(27,846)
Other Finance Charges	11.	<u>(11,000)</u>	<u>(16,000)</u>
		<u>(42,093)</u>	<u>(42,623)</u>
<b>SURPLUS BEFORE TAXATION</b>		137,330	130,776
<b>Other Comprehensive Income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>137,330</u>	<u>130,776</u>

The notes on pages 14 to 27 form part of these financial statements.

# RUCHAZIE HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016	restated 2015
		£	£
<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	14,437,624	13,251,726
Other Non-Current Assets	12.(b)	28,633	31,900
		<u>14,466,257</u>	<u>13,283,626</u>
<b>CURRENT ASSETS</b>			
Debtors	13.	96,036	46,725
Cash at bank and in hand		<u>818,931</u>	<u>788,781</u>
		914,967	835,506
<b>CREDITORS: Amounts falling due within one year</b>			
	14.	<u>(313,025)</u>	<u>(307,040)</u>
<b>NET CURRENT ASSETS</b>			
		601,942	528,466
		<u>15,068,199</u>	<u>13,812,092</u>
<b>CREDITORS: Amounts falling due after more than one year</b>			
	15.	(3,061,838)	(2,450,931)
Retirement Benefit Scheme Deficit		(425,000)	(457,000)
<b>DEFERRED INCOME</b>			
Social Housing Grants	17.	<u>(10,788,825)</u>	<u>(10,248,955)</u>
<b>NET ASSETS</b>			
		792,536	655,206
<b>EQUITY</b>			
Share Capital	18.	102	94
Revenue Reserves		<u>792,434</u>	<u>655,112</u>
		<u>792,536</u>	<u>655,206</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 20 September 2016.

*I Moor*  
I Moor  
Chair-person

*B Tollett*  
B Tollett  
Vice Chair-person

*A Macdonald*  
A Macdonald  
Secretary

The notes on pages 14 to 27 form part of these financial statements.

**RUCHAZIE HOUSING ASSOCIATION LIMITED**

---

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	Restated 2015 £
<b>Net Cash Inflow from Operating Activities</b>	16.	228,692	323,573
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(1,556,731)	(10,758)	(10,758)
Purchase of Other Fixed Assets	-	(1,812)	(1,812)
Social Housing Grant Received	770,288	-	-
Social Housing Grant Repaid	-	-	-
Proceeds on Disposal of Properties	-	10,985	10,985
<b>Net Cash Outflow from Investing Activities</b>		<u>(786,443)</u>	<u>(1,585)</u>
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	1,305	1,223	1,223
Interest Paid on Loans	(32,398)	(27,845)	(27,845)
Loan Principal Repayments	(141,184)	(175,782)	(175,782)
Movement in long term borrowings	760,170	-	-
Share Capital Issued	8	-	-
<b>Net Cash Inflow/ (Outflow) from Financing</b>		<u>587,901</u>	<u>(202,409)</u>
<b>Increase in Cash</b>		30,150	119,579
<b>Opening Cash &amp; Cash Equivalents</b>		788,781	669,202
<b>Closing Cash &amp; Cash Equivalents</b>		<u>818,931</u>	<u>788,781</u>

The notes on pages 14 to 27 form part of these financial statements.

## RUCHAZIE HOUSING ASSOCIATION LIMITED

---

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015	94	655,112	655,206
Issue of Shares	8	-	8
Cancellation of Shares	-	-	-
Surplus for Year		137,330	137,330
<b>Balance as at 31 March 2016</b>	<u>102</u>	<u>792,442</u>	<u>792,442</u>

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2014	99	524,336	524,435
Surplus for Year	-	130,776	130,776
Cancellation of Shares	(5)		(5)
<b>Balance as at 31 March 2015</b>	<u>94</u>	<u>655,112</u>	<u>655,206</u>

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 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 Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Information on the impact of first-time adoption of FRS 102 is given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

**Revenue**

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as 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 asset to which it relates.

**Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. 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 the high quality corporate bond.

**Valuation Of Housing Properties**

The Association has adopted component accounting. Properties, other than the assessed land element, are depreciated in accordance with FRS102 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:

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

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

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

(b) 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 and Equipment - 33% straight line  
Office Property - 10% reducing balance

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

**Social Housing Grant And Other Grants In Advance/Arrears**

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

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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

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

**Sales Of Housing Properties**

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

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

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

**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 the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

*Rent Arrears - Bad Debt Provision*

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

*Life Cycle of Components*

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

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

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

**Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

**Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

**Development Interest**

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

**Key Judgements made in the application of Accounting Policies**

*a) Exemptions taken in the transition to FRS 102*

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

i) The Association has not revisited previous accounting estimates

*b) The Categorisation of Housing Properties*

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

*c) Identification of cash generating units*

The Association considers its cash-generating units to be 228 in which it manages its housing property for asset management purposes.

**Financial Instruments – Basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

The Association's debt instruments are measured at amortised cost using the effective interest rate method

**2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

	Notes	2016			2015		
		Revenue £	Operating Costs £	Operating Surplus / (Deficit) £	Revenue £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings		1,020,605	(838,559)	182,046	969,547	(812,761)	156,786
Other Activities		1,350	(3,973)	(2,623)	21,037	(4,425)	16,612
<b>Total</b>		<b>1,021,955</b>	<b>(842,532)</b>	<b>179,423</b>	<b>990,584</b>	<b>(817,186)</b>	<b>173,398</b>



**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

	General Needs Housing £	2016 Total £	Restated 2015 Total £
<b>Revenue from Lettings</b>			
Rent Receivable Net of Identifiable Service Charges	790,437	790,437	754,801
Service Charges Receivable	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Gross Rents Receivable</b>	790,437	790,437	754,801
<b>Less: Rent losses from voids</b>	(250)	250	(207)
	<hr/>	<hr/>	<hr/>
<b>Net Rents Receivable</b>	790,187	790,187	754,594
Amortisation of Social Housing Grants and Other Grants	230,418	230,418	211,434
Revenue Grants from Local Authorities and Other Agencies	-	-	3,520
	<hr/>	<hr/>	<hr/>
<b>Total Income From Social Letting</b>	1,020,605	1,020,605	969,547
	<hr/>	<hr/>	<hr/>
<b>Expenditure on Social Letting Activities</b>			
Service Costs	-	-	-
Management and maintenance administration costs	(317,780)	(317,780)	(380,999)
Reactive Maintenance	(76,614)	(76,614)	(38,288)
Bad Debts - Rents and Service Charges	(10,108)	(10,108)	(3,937)
Planned and Cyclical Maintenance, including Major Repairs	(63,224)	(63,224)	(40,121)
Depreciation of Social Housing	(370,833)	(370,833)	(349,416)
	<hr/>	<hr/>	<hr/>
<b>Operating Costs of Social Letting</b>	(838,559)	(838,559)	(812,761)
	<hr/>	<hr/>	<hr/>
<b>Operating Surplus on Social Letting Activities</b>	182,046	182,046	156,786
	<hr/>	<hr/>	<hr/>
<b>2015</b>	156,786	156,786	
	<hr/>	<hr/>	

RUCHAZIE HOUSING ASSOCIATION LIMITED  
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016  
 NOTES TO THE FINANCIAL STATEMENTS

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

	Grants From Scottish Ministers		Other Revenue Grants		Supporting People Income		Other Income		Total Turnover		Operating Costs		Operating Costs		Operating Surplus / (Deficit)	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	1,350	-	-	-	-	-	1,350	-	-	-	-	(1,350)	-	-
Support Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Project Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,623)	(2,623)	(2,550)
Compensatory Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,162	19,162
<b>Total From Other Activities</b>	-	-	1,350	-	-	-	-	-	1,350	-	-	-	-	(3,973)	(2,623)	16,612
<b>2015</b>	-	-	1,875	-	-	-	19,162	-	21,037	-	-	-	-	(4,425)	16,612	

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. BOARD MEMBERS AND OFFICERS EMOLUMENTS**

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

No emoluments have been paid to any member of the Management Committee

No Officer of the Association received emoluments greater than £60,000

Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pension contributions)	<u>          -</u>	<u>          -</u>
---	--------------------	--------------------

Emoluments payable to the Director/Chief Executive (excluding pension contributions)	<u>44,832</u>	<u>44,170</u>
--	---------------	---------------

Pension contributions paid on behalf of the Director	<u>6,288</u>	<u>6,195</u>
--	--------------	--------------

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

£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	<u>          -</u>	<u>          -</u>

There were no payments to board members during the year for reimbursement of expenses (2015-£nil)

**6. EMPLOYEE INFORMATION**

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of full time equivalent persons employed during the year was	<u>          5</u>	<u>          5</u>

Staff Costs were:

Wages and Salaries	180,369	176,328
Social Security Costs	15,488	13,145
Pension Costs	57,826	56,441
Other Pension Costs – change in assumptions	(2,000)	35,000
	<u>251,684</u>	<u>280,914</u>

**7. SALE OF HOUSING STOCK**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Sales Proceeds	-	10,895
Cost of Sales	-	(5,549)
Abatement on HAG	<u>          -</u>	<u>          5,346</u>
(Gain) / Loss on sale	<u>          -</u>	<u>          -</u>

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
On Other Loans	32,398	27,845
	<u>32,398</u>	<u>27,845</u>
<b>Less:</b> Interest Capitalised	-	-
	<u>32,398</u>	<u>27,845</u>

**9. SURPLUS FOR THE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	374,100	352,865
Auditors' Remuneration - Audit Services	6,000	5,400
- Other Services	500	1,027
	<u>380,600</u>	<u>359,292</u>

**10. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

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

**11. OTHER FINANCE INCOME/CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Unwinding of Discounted Liabilities	11,000	16,000
	<u>11,000</u>	<u>16,000</u>

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

**12. NON-CURRENT ASSETS**

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties in course of construction £	Total £
<b>COST</b>			
As at 1 April 2015	17,938,904	15,050	17,953,954
Additions	1,556,731	-	1,556,731
Disposals	(6,423)	-	(6,423)
Schemes Completed	15,050	(15,050)	-
As at 31 March 2016	<u>19,504,262</u>	<u>-</u>	<u>19,504,262</u>
<b>DEPRECIATION</b>			
As at 1 April 2015 restated	4,702,228	-	4,702,228
Charge for Year	370,833	-	370,833
Disposals	(6,423)	-	(6,423)
As at 31 March 2016	<u>5,066,638</u>	<u>-</u>	<u>5,066,638</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2016	<u>14,437,624</u>	<u>-</u>	<u>14,437,624</u>
As at 31 March 2015	<u>13,251,726</u>	<u>-</u>	<u>13,251,726</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2015 - £Nil) and capitalised major repair costs to existing properties of £213,839 (2015 - £262,058)

All land and housing properties are heritable.

b) Other Tangible Assets	Office Premises £	Fittings & Equipment £	Total £
<b>COST</b>			
As at 1 April 2015	54,341	46,357	100,698
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2016	<u>54,341</u>	<u>46,357</u>	<u>100,698</u>
<b>DEPRECIATION</b>			
As at 1 April 2015	24,158	44,640	68,798
Charge for Year	3,018	249	3,267
Disposals	-	-	-
As at 31 March 2016	<u>27,176</u>	<u>44,889</u>	<u>72,065</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2016	<u>27,165</u>	<u>1,468</u>	<u>28,633</u>
As at 31 March 2015	<u>30,183</u>	<u>1,717</u>	<u>31,900</u>

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

**13. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Arrears of Rent & Service Charges	66,083	47,116
Less: Provision for Doubtful Debts	(15,204)	(7,842)
	<hr/>	<hr/>
Other Receivables	50,879	39,274
	45,157	7,451
	<hr/>	<hr/>
	96,036	46,725
	<hr/>	<hr/>

**14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>As restated 2015</b>
	<b>£</b>	<b>£</b>
Bank Loans and Overdrafts	164,703	156,624
Trade Payables	61,657	9,729
Rent in Advance	8,329	8,024
Other Taxation and Social Security	4,999	4,578
Other Payables	-	10,758
Accruals and Deferred Income	32,337	78,337
Retirement Benefits Scheme Deficit	41,000	38,990
	<hr/>	<hr/>
	313,025	307,040
	<hr/>	<hr/>

**15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2016</b>	<b>As restated 2015</b>
	<b>£</b>	<b>£</b>
Housing Loans		
Due between one and two years	164,707	180,232
Due between two and five years	494,120	378,437
Due in five years or more	2,403,011	1,892,262
	<hr/>	<hr/>
	3,061,838	2,450,931
	<hr/>	<hr/>

The Association has a number of long term housing loans secured by specific charges on the Association's housing properties. These loans are due for repayment in instalments as detailed above, at rates of interest varying from 0.9% to 2.1%.

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

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

**16. STATEMENT OF CASH FLOWS**

Reconciliation of operating surplus to balance as at 31 March 2016	As restated	
	2016	2015
	£	£
Operating Surplus	179,423	173,398
Depreciation	374,100	352,865
Amortisation of Capital Grants	(229,752)	(211,434)
Change in debtors	(49,311)	3,671
Change in creditors	(2,112)	52,425
Unwinding of Discount on Pension Liability	(11,000)	(16,000)
Movement in Pension Liability	(29,990)	(29,875)
Change in pension actuarial assumptions	(2,000)	35,000
Cancelled Shares	-	5
Grant Abatement	(666)	(36,482)
Balance as at 31 March 2016	<u>228,692</u>	<u>323,573</u>

**17. DEFERRED INCOME**

	As Restated	
	2016	2015
	£	£
<i>Social Housing Grants</i>		
Balance as at 1 April 2015	10,248,955	10,496,871
Additions in year	770,288	-
Released / Repaid as the result of property disposal	(666)	(36,482)
Amortisation in Year	(229,752)	(211,434)
Balance as at 31 March 2016	<u>10,788,825</u>	<u>10,248,955</u>

**18. SHARE CAPITAL**

	£
<b>Shares of £1 each Issued and Fully Paid</b>	
At 1 April 2015	94
Issued in year	8
Cancelled in year	-
At 31 March 2016	<u>102</u>

The Association's shares carry no rights to a dividend or other distributions and are not repayable

**19. HOUSING STOCK**

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
New Build	202	188
Improved	24	24
Commercial	1	1
	<u>227</u>	<u>213</u>

## **20. RELATED PARTY TRANSACTIONS**

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

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

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

Rent Received from Tenants on the Committee	£20,397
---	---------

- At the year end total rent arrears owed by the tenant members of the Committee were £240

## **21. DETAILS OF ASSOCIATION**

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

The Association's principal place of business is 24 Avondale Street, Ruchazie, Glasgow, G33 3QS.

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

## **22. RETIREMENT BENEFIT OBLIGATIONS**

### **General**

Ruchazie Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state 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 year under FRS102 represents the employer contribution payable.

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 £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m, (equivalent to a past service funding level of 56%)



**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**23. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2015. 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 £616million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £198million, equivalent to a past service funding level of 76%

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

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 Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £466,000 (2015 - £496,000) This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.29%

The Association made payments totalling £57,826 (2015: £56,441) to the pension scheme during the year.

**24. TRANSITION TO THE FINANCIAL REPORTING STANDARD**

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting year beginning on 1 April 2015. As a result of this the comparative figures for the year ending 31 March 2016 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 differences 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 year ending 31 March 2016.

The implementation of FRS 102, and in particular adhering to SORP 14 and the accrual model, as the Properties are valued at cost, means that Social Housing Grant no longer be netted off against the related Properties but instead be shown as Deferred Income, with the grant released annually through the Revenue figure, within the Statement of Comprehensive Income, based on the estimated lifespan of the property.

Grant relating to Land is now also released over the property lifespan.

The implications of this are that the previous Depreciation charge is now substantially increased but is more than offset by the release of Social Housing Grant, as this now includes the Land element, previously left out of all calculations.

Within the Statement of Financial Position the Fixed Assets are now considerably higher as the Social Housing Grant, previously netted off against Fixed Assets, is now shown separately in Deferred Income as a potential source of grant income or as a liability, should the property be sold and the grant need to be repaid.

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>Reconciliation of Capital &amp; Reserves</b>							
		At 31 March 2015		At 31 March 2014		FRS 102	
Note	As previously stated	Effect of Transition	(As Restated)	As previously stated	Effect of Transition	(As Restated)	
	£	£	£	£	£	£	
Non-Current Assets	(i)	2,844,252	10,470,886	13,283,626	2,913,567	10,752,472	13,666,039
Current Assets		835,506	-	835,506	719,598	-	719,598
Creditors: amounts falling due within one year		(268,050)	(38,990)	(307,040)	(248,647)	(38,000)	(286,647)
<b>Net Current Assets</b>		<u>567,456</u>	<u>(38,990)</u>	<u>528,466</u>	<u>470,951</u>	<u>(38,000)</u>	<u>432,951</u>
<b>Total assets less current liabilities</b>		<u>3,411,708</u>	<u>10,431,896</u>	<u>13,843,604</u>	<u>3,384,518</u>	<u>10,714,472</u>	<u>14,098,990</u>
Creditors: amounts falling due after more than one year		(2,450,931)	(457,000)	(2,907,931)	(2,632,684)	(445,000)	(3,077,684)
Deferred income		-	(10,248,955)	(10,248,955)	-	(10,496,871)	(10,496,871)
<b>Net Assets</b>		<u>960,777</u>	<u>(305,571)</u>	<u>655,206</u>	<u>751,834</u>	<u>(227,399)</u>	<u>524,435</u>
Capital & Reserves		<u>960,777</u>	<u>(305,571)</u>	<u>655,206</u>	<u>751,834</u>	<u>(227,399)</u>	<u>524,435</u>

**RUCHAZIE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**  
**NOTES TO THE FINANCIAL STATEMENTS**

	Note	As at 31 March 2015	Effect of Transition	FRS 102 (As Restated) As at 31 March 2015.
		£	£	£
Revenue	(i)	779,150	211,434	990,584
Operating Costs	(i) & (ii)	(543,578)	(273,608)	817,186
Interest receivable		235,572	(62,174)	173,398
Interest payable and similar income		1,223	-	1,223
Discount Unwound	(iii)	(27,845)	-	(27,845)
Gain on Sale		-	(16,000)	(16,000)
		-	-	-
Surplus		208,950	(78,174)	130,776

*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. In addition the depreciation charge is now calculated on the cost of the properties before HAG.
- (ii) As the Association has entered into an agreement with to make contributions to fund a deficit in the SHAPS pension scheme that has been recognised as a liability in accordance with the FRS. The 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.