

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Registered Housing Association Number: HCB 277
Charity Registration Number: SCO41911
FCA Reference Number: 2420R (S)

RUCHAZIE HOUSING ASSOCIATION LIMITED

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**RUCHAZIE HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018**

MEMBERS OF THE MANAGEMENT COMMITTEE

Derek Vickers	Chairperson (resigned March 2018)
Hugh Holland	Chairperson (appointed April 2018)
Brain Tollett	Vice Chairperson
Ann Macdonald	Secretary
Isobel Moor	Committee Member (dec. August 2018)
Agnieszka Galor	Committee Member
Robina Rigley	Committee Member
Colin Henderson	Committee Member (resigned August 2017)
Jamie Clark	Committee Member (resigned October 2017)
Craig Lindsay	Committee Member (resigned June 2018)
Keith Anderson	Appointee (appointed April 2018)
Bill Banks	Appointee (appointed April 2018)
Tom Brock	Appointee (appointed April 2018)
Julie Cosgrove	Appointee (appointed April 2018)

EXECUTIVE OFFICERS

W. Nicol (resigned 14 July 2017)	Director
J. Shields (appointed 14 July 2017)	Interim Director

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

BTO Solicitors LLP
48 St Vincent St
Glasgow
G2 5HS

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2018.

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 activities of the Association are the provision and management of affordable rented social housing.

Review of business and future developments

The Association has been engaging with the Scottish Housing Regulator (SHR) since 2016 following an options appraisal which was submitted where the outcome was to remain as an independent organisation following the retirement of the Director.

The Director left the organisation in July 2017 and the Association instructed an independent investigation into the circumstances surrounding the departure of the Director. Following this investigation the SHR appointed a Special Manager and four appointments to the Management Committee for a period of up to 12 months from 1 April 2018. The Management Committee, staff and the Special Manager are committed to the Association and have been working together with the SHR to continue to deliver excellent services and improve governance, asset management and financial management at the organisation.

We continue to invest in our homes, with improvements being carried out in line with our stock condition survey. Prudent investment of our tenants rent money remains a key priority. A number of homes in our Phase 3 development have benefited from new kitchens and we will continue to review our stock annually to manage our assets effectively.

Our performance in key housing management functions of rent collection, void re-let times continues to improve and staff will endeavour to mitigate the impact of further welfare reforms by supporting our tenants, carrying out home visits and signposting to external support agencies.

The staff have been encouraged by the number of tenants engaging with the Association and we welcome this improvement. Staff will continue to engage with our tenants by the most appropriate method including face to face meetings, by text or email.

In June 2017 we held a tenant event and we were pleased with the turnout, given that this was break from the norm. Tenants told us they would like to see improvements in the play area and we are delighted to report that with the help of local residents we are on our way to securing funding to make these improvements.

In March 2018 the Association instructed a Satisfaction Survey where over 60% of our tenants were interviewed. The Management Committee were encouraged by the results where Overall tenant satisfaction was 96%.

RUCHAZIE HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2018

Governance

The Management Committee is responsible for overseeing the strategic direction and providing an overview of the performance of the Association. The Association Rules provide for up to 15 members and at the year-end there were six members. Members of the Management Committee are noted on Page 1.

The Scottish Housing Regulator (SHR) has been engaging with the association since 2016 following the decision by the previous Director to retire. An options appraisal was undertaken and submitted to the SHR which raised concerns about the governance of the Association.

In March 2017 the Regulation Plan was updated to medium and in March 2018 following further work by the Association which confirmed governance weaknesses the SHR updated the engagement status to high. The SHR appointed a Manager and four appointees to the Management Committee in April 2018. The status of high engagement is likely to remain through 2018/2019. The Manager and four committee members will assist the Association to make substantial progress in addressing weaknesses that have been identified in the areas of governance and financial management. An options appraisal will be completed and there will be a review of the Regulatory Standards of Governance and Financial Management, both of which will be presented to the management committee to allow an informed decision to be made on the future direction of the Association.

The Association has made some staffing changes to support this period of engagement and is looking to strengthen the Management Committee with people who have the relevant skills to achieve a positive outcome for the Association and its tenants.

Risk Management

The Association is aware that change brings additional risk which must be controlled effectively. These risks have been identified and prioritised in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

Key risks

High risks identified

- **Funders withdrawing** as a result of a breach of covenants and penalties which may be applied. There is active communication with all three lenders and there will be a review and test of long term financial planning to assess the effect of early repayment.

Medium risks identified

- **Impact of Welfare Reform on income streams.** Full roll out of Universal Credit in our area of operation is December 2018. All procedures and policies will be updated to reflect these changes. Staff are currently carrying out tenant visits to explain impact for tenants on an individual basis. Staff also attend training and briefing sessions across all networks and the Association benefits from a service from GEMAP.
- **Governing Body Skills and Succession Planning.** The four appointees to the Management Committee strengthen the governing body and bring experience and stability. The association has been actively seeking new members from the local community and are being supported by SHARE to implement a training programme to enhance the skills of the current and new members.
- **Pension provisions.** The Management Committee monitors the final salary pension scheme and the impact that increased contributions may have on the business of the Association.

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

Low risks identified

- **Stock Condition** (not as good as we think) Almost all of the housing stock is less than 20 years old. The current data will be verified and will ensure that our long term asset management plan is financially viable.

All of the risks identified have control measures in place and the Management Committee will review and action as required to ensure that these risks are managed effectively.

Financial review

The Association made a surplus in the year of £287,612 (2017: £163,313). £23,304 was spent on planned maintenance (which has been capitalised).

Turnover of £1,182,060 relates to income from the letting of properties at affordable rents. Rent increases during 2017/18 were 2%.

At 31 March 2018 £1,539,526 was held in reserves.

Management Committee and Executive Officers

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

We are sad to report the death of Isobel Moor. Isobel was a valued member of the Management Committee of Ruchazie Housing Association, working tirelessly within the community for the benefit of its residents. Isobel, a member since 2001, served as Chairperson from 2013 – 2016 and played her part in the regeneration of Ruchazie, including the most recent development of 60 homes in Milncroft/Bankend completed in April 2016.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies 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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

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

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 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 misstatement 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;

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

- 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 existence in the Association for the year ended 31 March 2018. 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

Signature



A MacDonald, Secretary

Date:



**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING
ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH
2018**

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
G3 8HB

Date: 

**RUCHAZIE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018**

OPINION

We have audited the financial statements of Ruchazie Housing Association Limited for the year ended 31 March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the management committee's report, other than the financial statements and our auditor's report thereon. The management committee are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**RUCHAZIE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING
ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

RESPONSIBILITIES OF COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on page 3, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

RUCHAZIE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

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 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.

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

Date: 

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	As restated 2017 £
REVENUE	2	1,182,060	1,166,350
Operating costs	2	<u>(849,585)</u>	<u>(970,290)</u>
OPERATING SURPLUS	2, 9	332,475	196,060
Gain on sale of housing stock	7	-	27,856
Interest receivable and other similar income		1,747	581
Interest payable and other similar charges	8	(43,610)	(51,184)
Other Finance Charges	11	<u>(3,000)</u>	<u>(10,000)</u>
		<u>(44,863)</u>	<u>(32,747)</u>
SURPLUS FOR THE YEAR		287,612	163,313
OTHER COMPREHENSIVE INCOME			
SHAPS pension adjustment	23	-	206,000
TOTAL COMPREHENSIVE INCOME		<u><u>287,612</u></u>	<u><u>369,313</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 15 to 31 form part of these financial statements.

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	As restated 2017 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	13,722,306	14,060,924
Other tangible fixed assets	12(b)	<u>21,733</u>	<u>24,449</u>
		13,744,039	14,085,373
CURRENT ASSETS			
Debtors	14	55,842	61,269
Cash at bank and in hand		<u>937,086</u>	<u>802,198</u>
		992,928	863,467
CREDITORS: amounts falling due within one year	15	<u>(281,794)</u>	<u>(295,216)</u>
NET CURRENT ASSETS		<u>711,134</u>	<u>568,251</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,455,173	14,653,624
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(2,739,312)	(2,868,809)
retirement benefit scheme deficit	16	(144,000)	(191,000)
DEFERRED INCOME			
Social Housing Grants	18	(10,032,231)	(10,341,797)
Other Grants	18	<u>-</u>	<u>-</u>
		<u>1,539,630</u>	<u>1,252,018</u>
EQUITY			
Share capital	19	104	104
Revenue reserve		<u>1,539,526</u>	<u>1,251,914</u>
		<u>1,539,630</u>	<u>1,252,018</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on

[Redacted signature]

H Holland
Chairperson

[Redacted signature]

A Galor
Committee member

[Redacted signature]

A MacDonald
Secretary

The notes on page 15 to 31 form part of these financial statements.

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>344,053</u>	<u>201,163</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	-	-	-
Purchase of other fixed assets	(23,304)	(44,530)	-
Social Housing Grant received	-	-	-
Social Housing Grant repaid	-	-	-
Proceeds of disposals of housing properties	-	76,458	-
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		<u>(23,304)</u>	<u>31,928</u>
NET CASH INFLOW BEFORE FINANCING		<u>320,749</u>	<u>233,091</u>
FINANCING ACTIVITIES			
Issue of ordinary share capital	4	5	-
Interest received	1,747	581	-
Interest paid	(43,610)	(51,184)	-
Loan principal repayments	(144,002)	(199,226)	-
NET CASH (OUTFLOW)FROM FINANCING		<u>(185,861)</u>	<u>(249,824)</u>
INCREASE / (DECREASE) IN CASH		134,888	(16,733)
OPENING CASH AND CASH EQUIVALENTS		802,198	818,931
CLOSING CASH AND CASH EQUIVALENTS		<u><u>937,086</u></u>	<u><u>802,198</u></u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2017	104	1,251,914	1,252,018
Issue of Shares	4	-	4
Cancelled shares	(4)	-	(4)
Surplus for Year	-	287,612	287,612
Balance as at 31 March 2018	<u>104</u>	<u>1,539,526</u>	<u>1,539,630</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2016	102	792,434	792,536
Prior year adjustment		90,167	90,167
		<u>882,601</u>	<u>882,703</u>
Issue of Shares	5	-	5
Cancelled shares	(3)	-	(3)
Surplus for Year	-	163,313	163,313
SHAPS pension adjustment	-	206,000	206,000
Balance as at 31 March 2017	<u>104</u>	<u>1,251,914</u>	<u>1,252,018</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been 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 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

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:

Going Concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association, its long term financial forecasts and the certainty of cash flow from rental of social housing stock.

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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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:

Component	Useful Economic Life
Kitchens	18 years straight line
Bathrooms	30 years straight line
Central Heating	15 years straight line
Windows	30 years straight line
Structure	50 years straight line

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 Premises	10% reducing balance
Furniture and Fittings	33% straight line

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal. The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Costs of Shared Ownership

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

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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the 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.

b) Identification of cash generating units

The Association considers its cash-generating units to be 226 in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

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

RUCHAZIE HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS/ (DEFICIT)

Note	2018		As restated 2017		Operating surplus/ (deficit) £
	Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Affordable letting activities	1,180,031	(848,010)	1,164,600	(968,465)	196,135
Other activities	2,029	(1,575)	1,750	(1,825)	(75)
Total	1,182,060	(849,585)	1,166,350	(970,290)	196,060

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	2018 Total £	As restated 2017 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	850,323	-	-	850,323	830,545
Service charges receivable	3,340	-	-	3,340	3,117
Gross rents receivable	853,663	-	-	853,663	833,662
Less rent losses from voids	(1,040)	-	-	(1,040)	(518)
Net rents receivable	852,623	-	-	852,623	833,144
Amortisation of Social Housing & Other Grants	309,566	-	-	309,566	314,863
Revenue grants from local authorities and other agencies	17,842	-	-	17,842	16,593
Other Revenue grants	-	-	-	-	-
Total income from social letting	1,180,031	-	-	1,180,031	1,164,600
Expenditure on social letting activities					
Management and maintenance administration costs	(347,163)	-	-	(347,163)	(429,337)
Service costs	-	-	-	-	-
Planned and cyclical maintenance including major repairs	(76,340)	-	-	(76,340)	(85,916)
Reactive maintenance	(55,209)	-	-	(55,209)	(80,584)
Bad debts - rents and service charges	(7,376)	-	-	(7,376)	-
Depreciation of social housing	(361,922)	-	-	(361,922)	(372,628)
Operating costs of social letting	(848,010)	-	-	(848,010)	(968,465)
Operating surplus / (deficit) on social letting activities	332,021	-	-	332,021	196,135
2017	196,135	-	-	196,135	

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit) 2018	Operating surplus/ (deficit) 2017
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	454	454	-	-	454	(75)
Support activities	-	-	-	1,575	1,575	-	(1,575)	-	-
Other income/ (expenditure)	-	-	-	-	-	-	-	-	-
Services									
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	-	-	-	2,029	2,029	-	(1,575)	454	(75)
TOTAL FROM OTHER ACTIVITIES FOR 2017	-	-	1,750	-	1,750	-	(1,825)	(75)	

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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.

	2018	2017
	£	£
Emoluments payable to the directors (excluding pension contributions)	<u>65,492</u>	<u>45,279</u>
Pension contributions paid on behalf of the directors	<u>3,941</u>	<u>6,351</u>
Total payments to key management personnel, including social security, amounted to	<u>69,433</u>	<u>64,332</u>

In the current year payments to key management personnel include a payment of £30,000 to a director in respect of compensation for loss of office.

There were no payments to board members during the year for reimbursement of expenses (2017 - £Nil).

6. EMPLOYEE INFORMATION

	2018	2017
	£	£
Staff costs during the year:		
Wages and salaries	133,277	187,476
Social security costs	11,973	20,183
Pension costs	11,728	16,958
Other pension costs - change in assumptions	(2,000)	7,000
Compensation for loss of office	<u>30,000</u>	<u>30,000</u>
	<u>184,978</u>	<u>261,617</u>

	Number	Number
The average number of full time equivalent persons employed during the year was	<u>4</u>	<u>5</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales proceeds	-	76,458
Cost of sales	-	(48,602)
	<hr/>	<hr/>
Gain/(loss) on sale	<u>-</u>	<u>27,856</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Bank loans and overdrafts	-	-
Other loans repayable within five years	43,610	51,184
	<hr/>	<hr/>
	<u>43,610</u>	<u>51,184</u>

9. OPERATING SURPLUS/(LOSS) FOR THE YEAR

	2018	2017
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	364,638	376,812
Auditors' remuneration - audit services	7,000	7,000
- other services	-	-
Operating lease rentals - land and buildings	-	-
- other	4,332	4,332
Gain on sale of fixed assets	-	(27,856)
Amortisation of capital grants	(309,566)	(313,553)
	<hr/>	<hr/>
	<u>(309,566)</u>	<u>(313,553)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2018	2017
	£	£
Unwinding of discounted liabilities	3,000	10,000
	<hr/>	<hr/>
	<u>3,000</u>	<u>10,000</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Shared Equity Properties Held for Letting	Total
	£	£	£	£
COST				
At start of year	19,450,769	-	-	19,450,769
Additions	23,304	-	-	23,304
Disposals	(14,713)	-	-	(14,713)
Transfers to stock	-	-	-	-
	<u>19,459,360</u>	<u>-</u>	<u>-</u>	<u>19,459,360</u>
DEPRECIATION				
At start of year	5,389,845	-	-	5,389,845
Charged during year	361,922	-	-	361,922
Eliminated on disposal	(14,713)	-	-	(14,713)
At end of year	<u>5,737,054</u>	<u>-</u>	<u>-</u>	<u>5,737,054</u>
NET BOOK VALUE				
At end of year	<u>13,722,306</u>	<u>-</u>	<u>-</u>	<u>13,722,306</u>
At start of year	<u>14,060,924</u>	<u>-</u>	<u>-</u>	<u>14,060,924</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2017 - £Nil) and capitalised major repair costs to existing properties of £23,304 (2017 - £34,697).

All land and housing properties are heritable.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets

	Office Equipment £	Furniture & Fittings £	Total £
COST			
At start of year	54,341	46,357	100,698
Additions	-	-	-
Disposals	-	-	-
At end of year	<u>54,341</u>	<u>46,357</u>	<u>100,698</u>
DEPRECIATION			
At start of year	29,892	46,357	76,249
Charged during year	2,716	-	2,716
Disposals	-	-	-
At end of year	<u>32,608</u>	<u>46,357</u>	<u>78,965</u>
NET BOOK VALUE			
At end of year	<u>21,733</u>	-	<u>21,733</u>
At start of year	<u>24,449</u>	-	<u>24,449</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,319	3,387
Later than one year and not later than five years	4,830	7,340
Later than five years	-	-
	<u>7,149</u>	<u>10,727</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

	2018	2017
	£	£
Arrears of Rent & Service Charges	69,556	70,113
Less: Provision for Doubtful Debts	<u>(19,710)</u>	<u>(15,204)</u>
	49,846	54,909
Other Debtors	5,996	6,360
Social Housing grant receivable	-	-
Prepayments and accrued income	<u>-</u>	<u>-</u>
	<u>55,842</u>	<u>61,269</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts	144,001	158,506
Trade Payables	11,766	10,777
Rent in Advance	7,666	8,963
Other Taxation and Social Security	3,258	5,365
Other Payables	41,998	41,998
Liability for Past Service Contribution Arrangements	48,000	47,000
Accruals and Deferred Income	25,105	22,607
	<u>281,794</u>	<u>295,216</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Liability for Past Service Contribution Arrangements	144,000	191,000
Housing loans	<u>2,739,312</u>	<u>2,868,809</u>
	<u>2,883,312</u>	<u>3,059,809</u>

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 below, 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 2018
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (continued)

The Bank loans are repayable as follows:	2018	2017
	£	£
Between one and two years	144,001	158,506
Between two and five years	432,003	475,517
In five years or more	2,163,308	2,234,786
	<u>2,739,312</u>	<u>2,868,809</u>

17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2018	2018	2017
	£	£
Operating Surplus	324,809	196,060
Depreciation	364,638	376,812
Amortisation of Capital Grants	(309,566)	(313,553)
Change in debtors	13,093	34,767
Change in creditors	83	(17,612)
Movement in deficit contributions	(47,000)	(39,000)
Cancelled shares	(4)	(3)
Change in pension actuarial assumption	(2,000)	7,000
Grant abatement	-	(43,308)
	<u>344,053</u>	<u>201,163</u>

18. DEFERRED INCOME

	2018	As restated 2017
	£	£
Social Housing Grants		
Balance as at 1 April 2017	10,341,797	10,788,825
Prior year adjustment (note 25)	-	(90,167)
As restated	<u>10,341,797</u>	<u>10,698,658</u>
Additions in year	-	-
Released / Repaid as the result of property disposal		(43,308)
Amortisation in Year	(309,566)	(313,553)
	<u>10,032,231</u>	<u>10,341,797</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

18. DEFERRED INCOME (continued)

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	309,566	313,553
Amounts due in one year or more	9,722,665	10,028,244
	<u>10,032,231</u>	<u>10,341,797</u>

19. PRIOR YEAR ADJUSTMENT

Since the implementation of the new SORP and FRS102, the social housing grant had been amortised over the expected useful life of the various asset components on a reducing balance basis instead of straight line. The grant is now amortised on a straight line basis with a prior year adjustment made in the accounts resulting in reserves increasing by £178,677 as at 31 March 2017.

20. SHARE CAPITAL

	2018	2017
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2017	104	102
Issued in year	4	5
Cancelled in year	(4)	(3)
At 31 March 2018	<u>104</u>	<u>104</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - New Build	201	201
General Needs – Improved	24	24
General Needs - Commercial	1	1
Supported Housing	-	-
	<u>226</u>	<u>226</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

22. 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 – £14,469.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £808.

23. 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.

24. 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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified Actuary using the Projected Unit Credit method. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

Unless a concession has been agreed with the Trustee the term to 28 February 2022 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

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 £192,000 (2017 – £238,000). 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 1.51%.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

24 RETIREMENT BENEFIT OBLIGATIONS (continued)

Reconciliation of opening and closing provisions

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	238	466
Unwinding of the discount factor (interest expense)	3	10
Deficit contribution paid	(47)	(39)
Remeasurements - impact of any change in assumptions	(2)	7
Remeasurements - amendments to the contribution schedule	-	(206)
Provision at end of period	192	238

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2017. 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 £852million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £129million, equivalent to a past service funding level of 87%.

The Association made payment's totalling £71,788 (2017: £62,958) to the pension scheme during the year. This is inclusive of deficit payments of £47,000 (2017 - £39,000). Contributions totalling £5,892 (2017 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

As a result of the 2015 Actuarial Valuation the liability for the Pension deficit was recalculated resulting in a significant reduction to the pension deficit liability in the previous year of £206,000. There is no similar adjustment this year.

25. CONTINGENT LIABILITIES

The pension withdrawal debt as at 30 September 2017 for Ruchazie Housing Association Limited for the scheme was £1,686,253.

