

**Rural Stirling Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2013**

**Registered Housing Association No. HAL232**

**FCA Reference No. 2376(S)**

**Scottish Charity No. SC037849**

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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**RURAL STIRLING HOUSING ASSOCIATION LIMITED**

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**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2013**

**COMMITTEE OF MANAGEMENT**

Owen McKee	Chair
Margaret Vass	Vice Chair
Margaret Beaton	Secretary
David Wilson	Resigned September 2012
Rosemary Williams	
Linda Anderson	
Rob Hughes	
Councillor Tony Ffinch	Stood down April 2012
Councillor Martin Earl	Appointed May 2012
Fiona Boath	
Peter Pearson	Resigned April 2012
Fiona Russell	
Colin O'Brien	
Elaine Stevenson	
Carol Urquhart (Co-opted Member)	Appointed October 2012
Theresa Elliot (Co-opted Member)	Appointed January 2013
David Frood	

**EXECUTIVE OFFICERS**

Tony Teasdale	Director
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**REGISTERED OFFICE**

Stirling Road  
Doune  
Perthshire  
FK16 6AA

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogen Street  
Glasgow  
G2 7HF

**BANKERS**

Royal Bank of Scotland  
55 Main Street  
Callander  
FK17 8DY

**SOLICITORS**

Hill & Robb  
3 Pitt Terrace  
Stirling  
FK8 2EY

**FINANCE AGENTS**

FMD Financial Services Ltd  
KCEDG Commercial Centre  
Unit 29, Ladyloan Place  
Glasgow  
G15 8LB

## RURAL STIRLING HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2013

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2013.

#### **Legal Status**

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2376(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037849.

#### **Principal Activities**

The principal activities of the Association are the provision and management of affordable rented accommodation.

#### **Review of Business and Future Developments**

#### **Structure**

The Association is a Registered Social Landlord (RSL) and is registered under the Industrial and Provident Societies Act 1965 and is a Scottish Charity.

#### **Objectives and Strategy**

RSHA's overall aim is to provide and manage quality, affordable homes through the following objectives, to:

- Provide affordable housing and associated services for people with a wide range of needs.
- Provide value for money services that reflect the needs and priorities of our service users.
- Develop to the highest standards possible in an innovative, sympathetic and sustainable manner.
- Seek to take account of the views of our customers and the rural communities where we work and to work in partnership with them and other agencies to achieve our objectives.
- Seek to take account of the views of our customers and the rural communities where we work and to work in partnership with them and other agencies to achieve our objectives.
- Prudently manage the affairs of the Association and protect our assets over the longer term.
- Provide equal opportunities in all of our activities.

#### **Housing stock**

At 31st March 2013 the Association owned 505 rented units and 28 shared ownership properties. These are located within 15 settlements throughout the rural Stirling area. Nearly all of the properties have been built by the Association during the past 20 years.

The average net weekly rent for an RSHA property during 2012/13 was £69.16.

#### **Performance**

The Association has reported a surplus for the year of £217,084 (2012 - £49,943). In addition net assets have increased from £2,204,588 to £2,421,656. The Management Committee are satisfied with these results.

The Association's housing management performance dipped slightly during the year with rent losses from bad debts increasing from 0.7% to 0.8% of gross rental and service charge income. Rent loss from voids remaining static at 0.4% of gross rental and service charge income.

56 properties were let during the year - including 14 new build properties. It took 12 days on average to re-let properties - an increase from 10 days in the previous year.

## RURAL STIRLING HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2013

#### Review of Business and Future Developments (Contd.)

Demand for housing remains strong with 322 new applications for housing received during the year.

#### Development & Regeneration

During the year 14 new build homes were completed in Doune. These include a mix of two and three bedroom houses and bungalows. Funding was provided through a mix of Scottish Government Grant, a contribution from Stirling Council's Strategic Housing Account and private borrowing by the Association.

The second phase of 22 new homes for rent is currently on-site and should be complete by November this year. These include a mix of two and three bed houses and one and two bed flats. Following their completion RSHA will still have land to develop another 17 homes on the site and it is hoped to be able to take forward a third phase in the future.

The Association is actively seeking out other development opportunities and is currently considering other development opportunities in Balfron, Callander and Balmaha.

#### Property Maintenance

RSHA seeks to maintain its properties to the highest standard and carries out regular reactive and cyclical maintenance to all its properties. In addition the Association has an ongoing major repairs programme to ensure that all properties are kept to a high standard.

During the year the Association carried out a refurbishment of the roof and render and installed replacement heating/hot-water systems at its 7 ex-Forestry Commission properties in Aberfoyle/Kinlochard. External decoration was carried out to 99 homes and one close.

Planned works for the next financial year include window replacements at Charles Street, Gargunock and external door replacements at various properties in Callander and Drymen. External decoration will also be carried out in various areas.

1,147 day to day repairs were carried out during the year - a slight decrease from the previous year.

The Association responds to repair requests within agreed target times for the particular category of repair (Emergency- 4 hours; Urgent - 3 days; Routine - 15 days. 94.8% of emergency repairs were carried out on-time and it took on average 5 days to carry out non-emergency repairs.

All those reporting a repair are sent a satisfaction survey form. 34% of forms were returned with responses indicating a high level of satisfaction with the service received (98.9%).

#### Office and staffing

The Association employs a staff team comprising 10.5 full time equivalent posts. In addition FMD Finance Ltd (Glasgow) is employed as Finance Agent.

The staff operate from the Association's office at Stirling Road, Doune.

## RURAL STIRLING HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2013

#### Committee of Management and Executive Officers

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

Each member of the Committee of Management holds one fully paid share of £1 in the Association, with the exception of Stirling Council's nominated member. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting, with the exception of Stirling Council's nominated member.

#### Statement of Committee of Management's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Committee of Management 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 period. In preparing those Financial Statements, the Committee of Management 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 Committee of Management 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 Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. 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 Committee of Management 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 Committee of Management 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 Committee of Management 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.

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REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2013

**Statement on Internal Financial Control**

The Committee of Management 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;
- the safeguarding of assets against unauthorised use or disposition.

It is the Committee of Management'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 Committee of Management 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;
- regular 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;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management 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;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**Auditors**

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

**By order of the Committee of Management**

**MARGARET BEATON**

Secretary

14 August 2013

RURAL STIRLING HOUSING ASSOCIATION LIMITED

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REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF  
RURAL STIRLING 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 section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".


**Basis of Opinion**

We carried out our review having regard to the 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 section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain 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 section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
14 August 2013



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RURAL STIRLING HOUSING ASSOCIATION LIMITED**

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We have audited the financial statements of Rural Stirling Housing Association Limited for the year ended 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 Committee of Management and Auditors**

As explained more fully in the Statement of Committee of Management's Responsibilities the Association's Committee of Management, 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 31st March 2013 and of its profit 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

### **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.


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RURAL STIRLING HOUSING ASSOCIATION LIMITED**

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**Matters on which we are required to report by exception (contd.)**

- the Income and Expenditure Account to which our report relates, and the Balance Sheet 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.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
14 August 2013

## RURAL STIRLING HOUSING ASSOCIATION LIMITED

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	2013 £	2012 £
TURNOVER	2.	1,913,488	1,766,847
Operating Costs	2.	<u>(1,470,425)</u>	<u>(1,098,749)</u>
<b>OPERATING SURPLUS</b>	9.	443,063	668,098
Gain On Sale Of Housing Stock	7.	-	7,000
Exceptional Item		-	(454,000)
Interest Receivable and Other Income		1,569	845
Interest Payable and Similar Charges	8.	<u>(227,548)</u>	<u>(172,000)</u>
		<u>(225,979)</u>	<u>(618,155)</u>
<b>SURPLUS FOR THE YEAR</b>		<u>217,084</u>	<u>49,943</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

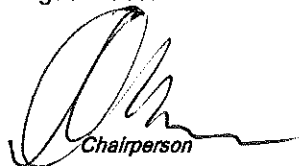
	2013 £	2012 £
Surplus for the financial year	217,084	49,943
Prior year adjustment	<u>-</u>	<u>(108,000)</u>
<b>Total gains and losses recognised since last annual report</b>	<u>217,084</u>	<u>(58,057)</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

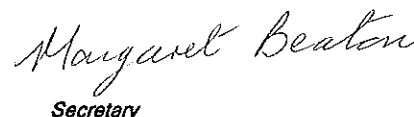
## BALANCE SHEET AS AT 31st MARCH 2013

	Notes	2013	Restated
		£	2012
		£	£
<b>TANGIBLE FIXED ASSETS</b>			
Housing Properties - Depreciated Cost	11.(a)	42,226,166	40,571,427
Less: Social Housing Grant	11.(a)	(31,206,041)	(30,426,608)
: Other Public Grants	11.(a)	(955,152)	(955,950)
		<u>10,064,973</u>	<u>9,188,869</u>
Other fixed assets	11.(b)	232,521	235,489
		<u>10,297,494</u>	<u>9,424,358</u>
<b>CURRENT ASSETS</b>			
Debtors	15.	385,189	355,372
Investments	18.	250,000	-
Cash at bank and in hand		246,825	612,176
		<u>882,014</u>	<u>967,548</u>
<b>CREDITORS: Amounts falling due within one year</b>	16.	<u>(685,017)</u>	<u>(864,300)</u>
<b>NET CURRENT ASSETS</b>		<u>196,997</u>	<u>103,248</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,494,491</u>	<u>9,527,606</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17.	<u>(8,072,835)</u>	<u>(7,323,018)</u>
<b>NET ASSETS</b>		<u><u>2,421,656</u></u>	<u><u>2,204,588</u></u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	20.	307	323
Designated Reserves	21.(a)	189,769	257,972
Risk Reserves	21.(c)	-	132,463
Revenue Reserves	21.(c)	2,231,580	1,813,830
		<u>2,421,656</u>	<u>2,204,588</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 14 August 2013.

  
Chairperson

  
Vice-Chairperson

  
Secretary

**RURAL STIRLING HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2013**

	Notes	2013 £	2012 £
<b>Net Cash Inflow from Operating Activities</b>	19.	156,353	671,000
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		577	845
Interest Paid		(219,556)	(172,000)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(218,979)	(171,155)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(1,921,311)	(947,000)
Purchase of Other Fixed Assets		(8,518)	(18,000)
Social Housing Grant Received		878,495	539,000
Other Grants Received		150,000	-
Proceeds on Disposal of Properties		-	44,000
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(901,334)	(382,000)
<b>Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing</b>		(963,960)	117,845
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		(250,000)	-
Money market account movement		-	(62,000)
<b>Financing</b>			
Loan Advances Received		1,000,000	-
Loan Principal Repayments		(151,404)	(172,000)
Share Capital Issued		13	-
<b>Net Cash Inflow / (Outflow) from Financing</b>		848,609	(172,000)
<b>Decrease in Cash</b>	19.	<u>(365,351)</u>	<u>(116,155)</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### **Retirement Benefits**

The Association operates a defined contribution pension scheme. The pension costs charged in the financial statements for the scheme represent the contribution payable by the Association during the year.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Building	50 years
Roofs	50 years
Windows	40 years
Wiring	40 years
Bathrooms	30 years
Heating Systems	30 years
External Doors	30 years
Kitchens	18 years
Heating Boilers/ Electric Heating	15 years
Solar Panels	25 years

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **Depreciation And Impairment Of Other Fixed Assets**

Other Fixed 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:-

Information Technology	33.33%
Furniture and Fittings	10%
Motor Vehicle	25.00%
Office Equipment	20%
Office Premises	2%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

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 period as the expenditure to which it relates.

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

##### **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 fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet 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.

##### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

##### **Development Interest**

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

##### **Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

##### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.



# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,898,527	1,438,198	460,329	1,741,752	1,106,722	635,030
Other Activities	4.	14,961	32,227	(17,266)	25,095	(7,973)	33,068
<b>Total</b>		<b>1,913,488</b>	<b>1,470,425</b>	<b>443,063</b>	<b>1,766,847</b>	<b>1,098,749</b>	<b>668,098</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	2012 Total £
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	1,768,982	-	59,352	1,828,333	1,711,924
Service Charges Receivable	36,073	-	836	36,909	33,891
<b>Gross Rents Receivable</b>	<b>1,805,055</b>	<b>-</b>	<b>60,188</b>	<b>1,865,243</b>	<b>1,745,815</b>
Less: Rent losses from voids	8,366	-	-	8,366	7,792
<b>Net Rents Receivable</b>	<b>1,796,689</b>	<b>-</b>	<b>60,188</b>	<b>1,856,876</b>	<b>1,738,023</b>
Revenue Grants from Scottish Ministers	41,651	-	-	41,651	3,058
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	671
<b>Total Income From Social Letting</b>	<b>1,838,339</b>	<b>-</b>	<b>60,188</b>	<b>1,898,527</b>	<b>1,741,752</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	53,002	-	-	53,002	44,271
Management and maintenance administration costs	660,719	-	22,560	683,279	492,291
Reactive Maintenance	193,550	-	-	193,550	174,381
Bad Debts - Rents and Service Charges	15,557	-	-	15,557	11,702
Planned and Cyclical Maintenance, including Major Repairs*	261,890	-	-	261,890	152,658
Depreciation of Social Housing	212,809	-	18,111	230,920	231,419
Impairment of Housing	-	-	-	-	-
<b>Operating Costs of Social Letting</b>	<b>1,397,527</b>	<b>-</b>	<b>40,671</b>	<b>1,438,198</b>	<b>1,106,722</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>440,813</b>	<b>-</b>	<b>19,517</b>	<b>460,329</b>	<b>635,030</b>
<b>2012</b>	<b>616,629</b>		<b>29,400</b>	<b>646,029</b>	

\*Total includes £20,452 of major repair revenue items.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2013	Operating Surplus / (Deficit) 2012
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	22,776	(22,776)	(29,699)
Development and construction of property activities	-	-	-	-	-	-	9,451	(9,451)	(143,040)
Solar Panel Tariffs	-	-	-	14,961	14,961	-	-	14,961	-
<b>Total From Other Activities</b>	-	-	-	14,961	14,961	-	32,227	(17,266)	(172,739)
<b>2012</b>	<b>25,000</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>25,095</b>	<b>-</b>	<b>(7,973)</b>	<b>33,068</b>	<b>-</b>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2013	2012
£	£

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

Emoluments payable to Chief Executive (excluding pension contributions)	<u>51,321</u>	<u>48,422</u>
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#### 6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>10</u>	<u>9</u>

Staff Costs were:

	£	£
Wages and Salaries	322,173	304,000
Social Security Costs	30,318	23,000
Other Pension Costs	18,467	505,000
	<u>370,958</u>	<u>832,000</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	-	44,000
Cost of Sales	-	37,000
Gain On Sale Of Housing Stock	-	7,000

#### 8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	227,548	172,000

Interest capitalised was incurred at varying rates of interest.

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	240,991	240,000
Auditors' Remuneration - Audit Services (excl. VAT)	5,220	5,000
- Other Services (excl. VAT)	-	3,000
Impairment Charge	-	(206,000)
Operating Lease Rentals - Other	4,829	5,000
Gain on sale of fixed assets	-	7,000

#### 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.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2012	39,943,753	1,156,695	1,230,171	42,330,619
Additions	241,122	1,704,259	-	1,945,381
Disposals	(74,876)	-	-	(74,876)
Schemes Completed	2,200,880	(2,160,866)	(40,014)	-
As at 31st March 2013	<u>42,310,879</u>	<u>700,088</u>	<u>1,190,157</u>	<u>44,201,124</u>
<b>DEPRECIATION</b>				
As at 1st April 2012	1,706,030	-	53,162	1,759,192
Charge for Year	211,394	-	18,111	229,505
Disposals	(13,739)	-	-	(13,739)
Transfers	740	-	(740)	-
As at 31st March 2013	<u>1,904,425</u>	<u>-</u>	<u>70,533</u>	<u>1,974,958</u>
<b>SOCIAL HOUSING GRANT</b>				
As at 1st April 2012	28,678,969	870,142	877,497	30,426,608
Additions	10,974	827,383	-	838,357
Disposals	(58,924)	-	-	(58,924)
Schemes Completed	1,086,907	(1,052,905)	(34,002)	-
As at 31st March 2013	<u>29,717,926</u>	<u>644,620</u>	<u>843,495</u>	<u>31,206,041</u>
<b>OTHER CAPITAL GRANTS</b>				
As at 1st April 2012	736,201	200,000	19,749	955,950
Disposals	(798)	-	-	(798)
Schemes Completed	200,000	(200,000)	-	-
As at 31st March 2013	<u>935,403</u>	<u>-</u>	<u>19,749</u>	<u>955,152</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2013	<u>9,753,125</u>	<u>55,468</u>	<u>256,380</u>	<u>10,064,973</u>
As at 31st March 2012	<u>8,822,553</u>	<u>86,553</u>	<u>279,763</u>	<u>9,188,869</u>

Additions to housing properties includes capitalised development administration costs of £21,265 and capitalised major repair costs to existing properties of £166,151

All land and housing properties are freehold.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Motor Vehicles	Information Technology	Office Premises		Let Property Furniture	Furniture & Fittings		Office Equipment		Total
			£	£		£	£	£	£	
<b>COST</b>										
As at 1st April 2012	8,809	68,054	263,128	5,009	15,177	9,712	369,889			
Additions	-	5,807	-	-	2,711	-	8,518			
Eliminated on Disposals	-	-	-	-	-	-	-			
As at 31st March 2013	8,809	73,861	263,128	5,009	17,888	9,712	378,407			
<b>GRANTS RECEIVED</b>										
As at 1st April 2012	-	-	-	5,009	-	-	5,009			
Received in year	-	-	-	-	-	-	-			
Repaid on Disposal	-	-	-	-	-	-	-			
As at 31st March 2013	-	-	-	5,009	-	-	5,009			
<b>AGGREGATE DEPRECIATION</b>										
As at 1st April 2012	8,809	61,802	40,844	-	11,185	6,751	129,391			
Charge for year	-	5,233	4,879	-	598	776	11,486			
Eliminated on disposal	-	-	-	-	-	-	-			
As at 31st March 2013	8,809	67,035	45,723	-	11,783	7,527	140,877			
<b>NET BOOK VALUE</b>										
As at 31st March 2013	-	6,826	217,405	-	6,105	2,185	232,521			
As at 31st March 2012	-	6,252	222,284	-	3,992	2,961	235,489			

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	1,404,573	477,000

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

#### 13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Other		
Expiring within one year	4,552	5,000
Expiring between two and five years	829	-

#### 14. OTHER FINANCIAL COMMITMENTS

##### *Liquidity Risk*

The Association's Treasury Management policy with regards to liquidity is to maintain sufficient funds in a liquid form at all times to ensure that the Association can meet its liabilities as they fall due.

##### *Interest Rate Risk*

The Association finances its operations through a mixture of retained profits and bank borrowings. Bank borrowings are in accordance with the Association Treasury Management Policy and interest risk is managed by having a balance of fixed and variable rates.

At the Balance Sheet date the Association had two interest rate swaps in place as part of its interest rate risk strategy. The book value of the swaps was £nil and the fair value of the swaps was valued at (£600,210) (2012: (£392,572)). The fair value of the swaps is based on current market values. Changes in the fair value of the interest rate swaps is not recognised in the financial statements as it is accounted for on an accruals basis over the life of the loan facilities to which it relates.

#### 15. DEBTORS

	2013 £	2012 £
Arrears of Rent & Service Charges	115,961	68,969
Less: Provision for Doubtful Debts	(41,308)	(29,531)
	74,653	39,438
Social Housing Grant Receivable	274,932	293,501
Other Debtors	35,604	22,433
	<u>385,189</u>	<u>355,372</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. CREDITORS: Amounts falling due within one year

	2013	<i>Restated</i> 2012
	£	£
Housing Loans	240,625	141,846
Trade Creditors	14,104	77,430
Rent in Advance	55,624	52,915
Other Creditors	228,879	127,232
Accruals and Deferred Income	145,785	464,877
	<u>685,017</u>	<u>864,300</u>

At the balance sheet date there were pension contributions outstanding of £3117  
(2012: nil)

#### 17. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Housing Loans	<u>8,072,835</u>	<u>7,323,018</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as		
Within one year	240,625	142,000
Between one and two years	247,129	205,000
Between two and five years	784,069	770,000
In five years or more	7,041,637	6,348,000
	8,313,460	7,465,000
Less: Amount shown in Current Liabilities	240,625	141,846
	<u>8,072,835</u>	<u>7,323,154</u>

#### 18. CURRENT ASSET INVESTMENTS

	2013	2012
	£	£
Short Term Deposits	<u>250,000</u>	<u>-</u>



# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	443,063	668,098
Depreciation	242,406	240,000
Change in Debtors	(68,963)	(100,000)
Change in Creditors	(460,124)	(144,098)
Gain on sale of fixed assets	-	7,000
Share Capital Written Off	(29)	-
Net Cash Inflow from Operating Activities	<u>156,353</u>	<u>671,000</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Decrease in Cash	(365,351)		(116,155)	
Cash flow from management of liquid resources	250,000		-	
Cash flow from change in debt	<u>(848,596)</u>		<u>172,000</u>	
Movement in net debt during year		(963,947)		55,845
Net debt at 1st April 2012		<u>(6,852,688)</u>		<u>(6,908,533)</u>
Net debt at 31st March 2013		<u><u>(7,816,635)</u></u>		<u><u>(6,852,688)</u></u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	612,176	(365,351)	-	246,825
Liquid Resources	-	250,000	-	250,000
Debt: Due within one year	(141,846)	151,404	(250,183)	(240,625)
Due after more than one year	(7,323,018)	(1,000,000)	250,183	(8,072,835)
Net Debt	<u>(6,852,688)</u>	<u>(963,947)</u>	<u>-</u>	<u>(7,816,635)</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	323
Issued in year	13
Cancelled in year	(29)
At 31st March 2013	<u>307</u>

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

## 21. RESERVES

<b>(a) Designated Reserves</b>	<b>Equipment Replacement</b>	<b>Cyclical Maintenance</b>	<b>Total</b>
	£	£	£
At 1st April 2012	68,203	189,769	257,972
Transfer to / (from) Revenue Reserves	<u>(68,203)</u>	<u>-</u>	<u>(68,203)</u>
At 31st March 2013	<u>-</u>	<u>189,769</u>	<u>189,769</u>
 <b>(b) Risk Reserves</b>	 <b>Interest Fluctuation</b>	 <b>Office Accommodation Upgrade</b>	 <b>Total</b>
	£	£	£
At 1st April 2012	82,463	50,000	132,463
Transfer to / (from) Reserves	<u>(82,463)</u>	<u>(50,000)</u>	<u>(132,463)</u>
At 31st March 2013	<u>-</u>	<u>-</u>	<u>-</u>
 <b>(c) Revenue Reserves</b>			<b>Total</b>
			£
At 1st April 2012			1,813,830
Surplus for the year			217,084
Transfer (to) / from Designated Reserves			<u>200,666</u>
At 31st March 2013			<u>2,231,580</u>

## 22. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2013</b>	<b>2012</b>
	No.	No.
General Needs - New Build	494	479
- Rehabilitation	11	11
Shared Ownership	28	29
	<u>533</u>	<u>519</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

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

3 members are tenants of the Association

1 member is a relevant local councillor

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

#### 24. PENSION COSTS

The Association operates a defined contribution scheme in respect of staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Association and amounted to £20,599 (2012: £0)

#### 25. PRIOR YEAR RESTATEMENT

When preparing the year end financial statements, the Association reviewed the allocation of bank balances. It was identified that an account allocated to Current Asset Investments - Short Term Deposits in 2012, was in fact an instant access account. In previous years the Association's current account was allocated to current creditors due to the high value of outstanding cheques at the year end rendering the account overdrawn on paper. However, it was identified that the current account is never actually overdrawn as the Association transfers funds to the current account regularly.

A prior year adjustment has been incorporated into the accounts to correct these misallocations.

	Reported in 2012	Restated 2012	Value of restatement
Current asset investments	715,465	-	(715,465)
Bank and cash	66,222	612,176	545,954
Current creditors - bank overdraft	(169,511)	-	169,511
			<u>-</u>

This restatement has not resulted in any change to the prior year surplus.