

Rural Stirling Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2014

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

**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2014**

COMMITTEE OF MANAGEMENT

Margaret Vass	Chair
Owen McKee	Vice Chair
Margaret Beaton	Secretary
Rosemary Williams	
Linda Anderson	
Rob Hughes	
Councillor Martin Earl	
Fiona Boath	
Fiona Russell	
Colin O'Brien	
Elaine Stevenson	
Carol Urquhart	
Theresa Elliot	
David Frod	

EXECUTIVE OFFICERS

Tony Teasdale	Director
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REGISTERED OFFICE

Stirling Road
Doune
Perthshire
FK16 6AA

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan 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
KCEDG Commercial Centre
Unit 29, Ladyloan Place
Glasgow
G15 8LB

RURAL STIRLING HOUSING ASSOCIATION LIMITED

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

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2014.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 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 Co-operative and Community Benefit Societies Act 2014 and is a Scottish Charity.

Objectives and Strategy

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

- 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 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.

- Manage prudently the affairs of the Association and protect our assets over the longer term.

- Promote equal opportunities in all of our activities.

Housing stock

At 31st March 2014 the Association owned 527 rented units and 28 shared ownership properties. These are located within 16 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 2013/14 was £70.72.

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

Review of Business and Future Developments (Contd)

Office and staffing

The Association employs a staff team comprising 10.8 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.

Performance

The Association has reported a surplus for the year of £229,288 (2013 - £217,084). In addition net assets have increased by £229,280 to £2,650,936. The Committee of Management are satisfied with these results.

The Association's housing management performance increased during the year with rent losses from bad debts decreasing from 0.8% to 0.07% of gross rental and service charge income. Rent loss from voids remaining static at 0.4% of gross rental and service charge income.

62 properties were let during the year - including 22 new build properties. It took 21 days on average to re-let properties - a decrease from 12 days in the previous year.

Demand for housing remains strong with 318 new applications for housing received during the year.

Development

During the year 22 new build homes were completed as phase 2 of the Springbank Road, Doune development. These include a mix of two and three bedroom houses and flats. 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.

Phases three and four at Doune, totalling 14 new homes for rent, have also completed since the end of the financial year. These include a mix of two and three bed houses and bungalows. RSHA still has land to develop a further four homes on an adjacent site in Doune and it is hoped to be able to take this forward in 2016/17.

In the meantime RSHA is progressing developments in other villages. It is anticipated that a site start will be made with 8 homes at Dunmore Street, Balfron in September 2014 and with 14 homes at Campsie Road, Strathblane. The Association also hopes to make a site start at Balmaha during 2015/16. All of these for social rent.

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 window replacements at 12 properties in Gargunnoch and entrance door replacements to 44 properties in Callander and Drymen. A range of smaller contracts were also carried out throughout the stock including roof repairs, drainage improvement and other environmental works. External decoration was carried out to 108 homes.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd)

1,361 reactive repairs were carried out during the 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. 95.4% of emergency repairs were carried out on-time and it took on average 7.4 days to carry out non-emergency repairs.

All those reporting a repair are sent a satisfaction survey form. 26% of forms were returned with responses indicating a high level of satisfaction with the service received (94%).

Tenant Satisfaction Survey 2013 and ARC Return

During the year an independent, door to door survey of around 40% of our tenants was carried out by BMG Ltd. This revealed that 94% of our tenants were satisfied with the Association overall and 58% of all those surveyed were "very satisfied".

Other satisfaction ratings from this survey have been reported within our first Annual Return on the Charter (ARC) - all key indicators are listed below.

RSHA ARC Return

ARC indicator	RSHA
Overall tenant satisfaction	93.90%
% who feel landlord is good at keeping them informed	92.90%
% satisfaction with opportunities to participate in decision making processes	93.90%
% of complaints responded to within timescales	81.30%
% of stock meeting SHQS	97.90%
Average time to complete emergency repairs	2.38 hours
Average time to complete non-emergency repairs	7.38 days
% of reactive repairs carried out right first time	90.40%
% of tenants who have had repairs carried out in last 12 months satisfied with service	83.70%
Rent collected as % of rent due	100.80%
% of rent lost through empty properties	0.44%
Weekly rent increase applied for 2014/15	2.60%
Gross rent arrears	5.51%
ASB cases resolved within targets	73.70%
Satisfaction with management of neighbourhood	91.08%
Average time to re-let properties	21.2 days

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

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. 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.

Statement of Committee of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 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 accounting 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 Co-operative and Community Benefit Societies Act 2014 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.

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

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.

Donations

During the year the Association made charitable donations amounting to £nil (2013 £11,925).

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

13 August 2014

RURAL STIRLING HOUSING ASSOCIATION LIMITED

**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 6 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 6 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
13 August 2014

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

We have audited the financial statements of Rural Stirling Housing Association Limited for the year ended 31st March 2014 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 Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

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

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 Committee of Management's Report is inconsistent with the financial statements.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- 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
13 August 2014

RURAL STIRLING HOUSING ASSOCIATION LIMITED

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

	Notes	2014	2013
		£	£
TURNOVER	2.	2,045,392	1,913,489
Operating Costs	2.	<u>(1,538,201)</u>	<u>(1,470,425)</u>
OPERATING SURPLUS	9.	507,191	443,064
Interest Receivable and Other Income		8,340	1,569
Interest Payable and Similar Charges	8.	<u>(286,243)</u>	<u>(227,548)</u>
		<u>(277,903)</u>	<u>(225,979)</u>
SURPLUS ON ORDINARY ACTIVITIES		<u>229,288</u>	<u>217,085</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.

The notes on pages 11 to 25 form part of these financial statements

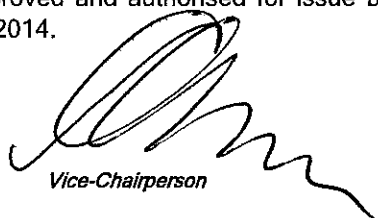
RURAL STIRLING HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

	Notes	2014	2013
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost		44,469,692	42,226,166
Less: Social Housing Grant		(31,904,907)	(31,206,041)
: Other Public Grants		(1,225,849)	(955,152)
		<hr/>	<hr/>
Other fixed assets	11.(a) 11.(b)	11,338,936 231,147	10,064,973 232,521
		<hr/>	<hr/>
		11,570,083	10,297,494
FIXED ASSET INVESTMENTS			
Investment in subsidiaries	24.	1	-
CURRENT ASSETS			
Debtors	14.	201,973	385,189
Investments	23.	-	250,000
Cash at bank and in hand		1,626,638	246,825
		<hr/>	<hr/>
		1,828,611	882,014
CREDITORS: Amounts falling due within one year			
	15.	(1,783,094)	(685,017)
		<hr/>	<hr/>
NET CURRENT ASSETS		45,517	196,997
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		11,615,601	10,494,491
CREDITORS: Amounts falling due after more than one year			
	16.	(8,964,665)	(8,072,835)
		<hr/>	<hr/>
NET ASSETS		2,650,936	2,421,656
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share Capital	18.	299	307
Designated Reserves	19.(a)	189,769	189,769
Revenue Reserves	19.(b)	2,460,868	2,231,580
		<hr/>	<hr/>
		2,650,936	2,421,656
		<hr/>	<hr/>

The Financial Statements were approved and authorised for issue by the Committee of Management and signed on their behalf on 13 August 2014.


Chairperson


Vice-Chairperson


Secretary

The notes on pages 11 to 25 form part of these financial statements

RURAL STIRLING HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2014**

	Notes	2014 £	2013 £
Net Cash Inflow from Operating Activities	17.	825,533	156,354
Returns on Investment and Servicing of Finance			
Interest Received	9,332	577	
Interest Paid	(300,067)	(219,556)	
Net Cash Outflow from Investment and Servicing of Finance		(290,735)	(218,979)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(2,603,601)	(1,921,311)	
Purchase of Other Fixed Assets	(12,643)	(8,518)	
Social Housing Grant Received	1,064,482	878,495	
Other Grants Received	150,000	150,000	
Net Cash Outflow from Capital Expenditure and Financial Investment		(1,401,762)	(901,334)
Net Cash Outflow before use of Liquid Resources and Financing		(866,964)	(963,959)
Management of Liquid Resources			
Change in short term deposits with banks		250,000	(250,000)
Financing			
Loan Advances Received	1,094,156	1,000,000	
Loan Principal Repayments	(194,312)	(151,404)	
Share Capital Issued	13	13	
Net Cash Inflow from Financing		899,857	848,609
Increase / (decrease) in Cash	17.	282,893	(365,350)

The notes on pages 11 to 25 form part of these financial statements

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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. Turnover is recognised as the service is provided.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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:-

Office Premises	2%
Furniture and Fittings	10%
Motor Vehicles	25%
Office Equipment	20%
Information Technology	33.33%

The carrying values 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 any gain or loss on disposal accounted for in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal with any gain or 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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,013,379	1,458,647	554,732	1,898,528	1,438,198	460,330
Other Activities	4.	32,013	79,554	(47,541)	14,961	32,227	(17,266)
Total		2,045,392	1,538,201	507,191	1,913,489	1,470,425	443,064

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General			2014 Total £	2013 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,895,950	-	58,298	1,954,248	1,828,333
Service Charges Receivable	38,084	-	842	38,926	36,909
Gross Rents Receivable	1,934,034	-	59,140	1,993,174	1,865,243
Less: Rent losses from voids	9,561	-	-	9,561	8,366
Net Rents Receivable	1,924,473	-	59,140	1,983,613	1,856,877
Revenue Grants from Scottish Ministers	29,766	-	-	29,766	41,651
Total Income From Social Letting	1,954,239	-	59,140	2,013,379	1,898,528
Expenditure on Social Letting Activities					
Service Costs	49,998	-	-	49,998	53,002
Management and maintenance administration costs	669,113	-	21,236	690,349	683,279
Reactive Maintenance	208,305	-	-	208,305	193,550
Bad Debts - Rents and Service Charges	1,321	-	-	1,321	15,557
Planned and Cyclical Maintenance, including Major Repairs	189,861	-	-	189,861	261,890
Depreciation of Social Housing	314,618	-	4,195	318,813	230,920
Operating Costs of Social Letting	1,433,216	-	25,431	1,458,647	1,438,198
Operating Surplus on Social Letting Activities	521,023	-	33,709	554,732	460,330
2013	440,813	-	19,517		

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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) 2014	Operating Surplus / (Deficit) 2013
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	24,164	(24,164)	(22,776)
Factoring	-	-	-	297	297	-	-	297	-
Development and construction of property activities	-	-	-	-	-	-	44,281	(44,281)	(9,451)
Other Income	-	-	-	15,000	15,000	-	7,553	7,447	-
Group Structure Costs	-	-	-	-	-	-	3,556	(3,556)	-
Solar Panel Tariffs	-	-	-	16,716	16,716	-	-	16,716	14,961
Total From Other Activities	-	-	-	32,013	32,013	-	79,554	(47,541)	(17,266)
2013	-	-	-	14,961	14,961	-	32,227	(17,266)	

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

Emoluments payable to Chief Executive (excluding pension contributions)	<u>52,860</u>	<u>51,321</u>
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6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>10</u>	<u>10</u>
Staff Costs were:	£	£
Wages and Salaries	317,582	322,173
Social Security Costs	29,758	30,318
Other Pension Costs	22,403	18,467
Agency Staff	14,184	-
	<u>383,927</u>	<u>370,958</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	<u>296,047</u>	<u>227,548</u>
	296,047	227,548
Less: Interest Capitalised	<u>9,804</u>	<u>-</u>
	<u>286,243</u>	<u>227,548</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2013 £0).

Interest capitalised was incurred at varying rates of interest.

9. SURPLUS ON ORDINARY ACTIVITIES

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	332,830	240,991
Auditors' Remuneration - Audit Services	5,480	5,220
Operating Lease Rentals - Other	<u>5,451</u>	<u>4,829</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 £
COST				
As at 1st April 2013	42,310,879	700,088	1,190,157	44,201,124
Additions	178,132	2,418,234	-	2,596,366
Disposals	(41,024)	-	-	(41,024)
Schemes Completed	2,128,688	(2,128,688)	-	-
As at 31st March 2014	<u>44,576,675</u>	<u>989,634</u>	<u>1,190,157</u>	<u>46,756,466</u>
DEPRECIATION				
As at 1st April 2013	1,904,425	-	70,533	1,974,958
Charge for Year	311,963	-	3,626	315,589
Disposals	(3,773)	-	-	(3,773)
As at 31st March 2014	<u>2,212,615</u>	<u>-</u>	<u>74,159</u>	<u>2,286,774</u>
SOCIAL HOUSING GRANT				
As at 1st April 2013	29,717,926	644,620	843,495	31,206,041
Additions	211	732,110	-	732,321
Disposals	(33,455)	-	-	(33,455)
Schemes Completed	739,942	(739,942)	-	-
As at 31st March 2014	<u>30,424,624</u>	<u>636,788</u>	<u>843,495</u>	<u>31,904,907</u>
OTHER CAPITAL GRANTS				
As at 1st April 2013	935,403	-	19,749	955,152
Additions	-	275,000	-	275,000
Disposals	(4,303)	-	-	(4,303)
Schemes Completed	275,000	(275,000)	-	-
As at 31st March 2014	<u>1,206,100</u>	<u>-</u>	<u>19,749</u>	<u>1,225,849</u>
NET BOOK VALUE				
As at 31st March 2014	<u>10,733,336</u>	<u>352,846</u>	<u>252,754</u>	<u>11,338,936</u>
As at 31st March 2013	<u>9,753,125</u>	<u>55,468</u>	<u>256,380</u>	<u>10,064,973</u>

Additions to housing properties includes capitalised development administration costs of £27,696 (2013 - £21,265) and capitalised major repair costs to existing properties of £151,542 (2013: £166,151)

All land and housing properties are freehold.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Information Technology £	Let Property Furniture £	Office Equipment £	Motor Vehicles £	Office Premises £	Office Furniture & Fittings £	Total £
COST							
As at 1st April 2013	73,861	5,009	9,712	8,809	263,128	17,888	378,407
Additions	2,242	-	9,669	-	360	372	12,643
As at 31st March 2014	76,103	5,009	19,381	8,809	263,488	18,260	391,050
GRANTS RECEIVED							
As at 1st April 2013	-	5,009	-	-	-	-	5,009
As at 31st March 2014	-	5,009	-	-	-	-	5,009
AGGREGATE DEPRECIATION							
As at 1st April 2013	67,035	-	7,527	8,809	45,723	11,783	140,877
Charge for year	5,533	-	2,691	-	4,886	907	14,017
As at 31st March 2014	72,568	-	10,218	8,809	50,609	12,690	154,894
NET BOOK VALUE							
As at 31st March 2014	3,535	-	9,163	-	212,879	5,570	231,147
As at 31st March 2013	6,826	-	2,185	-	217,405	6,105	232,521

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CAPITAL COMMITMENTS

	2014 £	2013 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	552,814	1,404,573

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:-	2014 £	2013 £
Other		
Expiring within one year	-	4,552
Expiring between two and five years	768	829

14. DEBTORS

	2014 £	2013 £
Arrears of Rent & Service Charges	109,738	115,961
Less: Provision for Doubtful Debts	(42,629)	(41,308)
	67,109	74,653
Social Housing Grant Receivable	110,794	274,932
Other Debtors	24,070	35,604
	201,973	385,189

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Bank Overdrafts	1,096,920	-
Housing Loans	248,639	240,625
Trade Creditors	-	14,104
Rent in Advance	54,276	55,624
Other Creditors	276,810	228,879
Accruals and Deferred Income	106,449	145,785
	<u>1,783,094</u>	<u>685,017</u>

The bank overdraft will be converted into a long term loan on 31st August 2014.

At the balance sheet date there were pension contributions outstanding of £3,654 (2013: £3,117)

16. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Housing Loans	<u>8,964,665</u>	<u>8,072,835</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 follows:-		
Within one year	248,639	240,625
Between one and two years	1,063,489	247,129
Between two and five years	7,901,176	784,069
In five years or more	-	7,041,637
	<u>9,213,304</u>	<u>8,313,460</u>
Less: Amount shown in Current Liabilities	248,639	240,625
	<u>8,964,665</u>	<u>8,072,835</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2014 £	2013 £
Operating Surplus	507,191	443,064
Depreciation	332,830	242,406
Change in Provisions for liabilities and charges	-	-
Change in properties developed for resale	-	-
Change in Debtors	6,967	(68,963)
Change in Creditors	(21,434)	(460,124)
Gain on sale of fixed assets	-	-
Share Capital Written Off	(21)	(29)
Net Cash Inflow from Operating Activities	<u>825,533</u>	<u>156,354</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
Increase / (decrease) in Cash	282,893		(365,350)	
Cash flow from management of liquid resources	(250,000)		250,000	
Cash flow from change in debt	(899,844)		(848,596)	
Movement in net debt during year		(866,951)		(963,946)
Net debt at 1st April 2013		(7,816,635)		(6,852,688)
Net debt at 31st March 2014		<u>(8,683,586)</u>		<u>(7,816,634)</u>

<i>Analysis of changes in net debt</i>	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	246,825	1,379,813		1,626,638
Bank Overdrafts	-	(1,096,920)		(1,096,920)
	<u>246,825</u>	<u>282,893</u>		<u>529,718</u>
Liquid Resources	250,000	250,000		-
Debt: Due within one year	(240,625)	(8,014)		(248,639)
Due after more than one year	(8,072,835)	(891,830)		(8,964,665)
Net Debt	<u>(7,816,635)</u>	<u>(366,951)</u>	<u>-</u>	<u>(8,683,586)</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	307
Issued in year	13
Cancelled in year	(21)
At 31st March 2014	<u>299</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.

19. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Total £
At 1st April 2013	189,769	189,769
Transfer to / (from) Revenue Res	-	-
At 31st March 2014	<u>189,769</u>	<u>189,769</u>

(b) Revenue Reserves	Total £
At 1st April 2013	2,231,580
Surplus for the year	229,288
Transfer (to) / from Designated Reserves	-
At 31st March 2014	<u>2,460,868</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014 No.	2013 No.
General Needs - New Build	516	494
- Rehabilitation	11	11
Shared Ownership	28	28
	<u>555</u>	<u>533</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. 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.

22. 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 (£418,547) (2013: (£600,210)). The fair value of the swaps is based on current market values. Changes in the fair value of the interest rate swaps are not recognised in the financial statements as they are accounted for on an accruals basis over the life of the loan facilities to which they relate.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. CURRENT ASSET INVESTMENTS

	2014	2013
	£	£
Short Term Deposits	-	250,000

24. FIXED ASSET INVESTMENTS

	2014	2013
	£	£
Investment in Subsidiaries		
As at 31 March 2014 & 31 March 2013	1	-

In the opinion of the Management Committee the aggregate of the amounts at which those assets are stated in the Associations balance sheet.

The Association has a 100% owned subsidiary Venachar Ltd. At 31 March 2014 it had capital and reserves of £1. It did not trade during the year and accordingly there was no Surplus or Deficit within the year.

25. 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 £22,403 (2012: £20,599).