

Rural Stirling Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

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 2015**

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	(Resigned 6 May 2015)
Carol Urquhart	(Resigned 4 March 2015)
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 2015

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2015.

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 governed 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

Objectives and Strategy

RSHA's vision is to make a positive contribution to Stirling's rural communities and to be valued - by our service users, key partners, local communities and staff - for our role in meeting housing needs, delivering value for money services and helping the development of sustainable and socially inclusive communities.

Our mission is:

- To provide affordable homes and associated services that reflect the needs and priorities of our customers.
- To build to the highest standards in an innovative, sympathetic and sustainable manner
- To seek and 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
- To manage the affairs of the Association prudently and to protect our assets over the long-term.
- To promote equal opportunities in all our activities.

Housing stock

At 31st March 2015 the Association owned 568 properties - 543 homes for rent and 25 for shared ownership.

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 with a small number acquired/refurbished.

The average net weekly rent for an RSHA property during 2014/15 was £72.74.

Office and staffing

The Association's staff team during the year comprised 10.9 full time equivalent posts. In addition FMD Finance Ltd (Glasgow) was 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 £363,469 (2014 - £229,288). In addition net assets have increased by £363,469 to £3,014,405. The Management Committee are satisfied with these results. Rent losses from bad debts increased slightly to 0.42% of gross rental and service charge income in 2014/15. Rent loss from voids increased slightly to 0.58% of gross rental and service charge income.

61 properties were let during the year - including 14 new build properties. It took 11.6 days on average to re-let properties - a decrease from 21 days in the previous year.

Demand for housing remains strong with 309 new applications for housing received during the year.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Development

During the year 14 new build homes were completed as phases 3 and 4 of the Springbank Road, Doune development, comprising a mix of two and three bedroomed 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.

Two flats were also acquired and converted to rented units: a shared ownership property in Callander and a privately owned property at Lomond Court, Aberfoyle. The latter with assistance from the Council's Strategic Housing Account.

RSHA still has land to develop a further six homes on an adjacent site in Doune and it is hoped to be able to take this forward in 2015/16.

In the meantime RSHA is progressing developments in other villages. Since the year end a further property has been acquired at Lomond Court, Aberfoyle and work has also now completed on 8 homes at Dunmore Street, Balfron. It is planned to start on-site with 14 homes at Campsie Road, Strathblane by October 2015.

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 kitchen renewals at 8 properties in Gargunnoch, 1 in Callander and 14 in Buchlyvie. 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 146 homes.

Planned works for the next financial year include window renewals at 16 properties in Drymen, renewal of electric heating systems at 7 properties in Aberfoyle, rear door renewals to 6 properties in Killin, the upgrading of communal rear garden areas serving 8 properties in Balfron and improved drainage and various environmental improvements throughout the stock. External decoration will be carried out to 42 properties.

1,356 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 (N.B. this has been reduced to 10 days from 1/4/15). 91.3% of emergency repairs were carried out on-time and it took on average 6.7 days to carry out non-emergency repairs.

All those reporting a repair are sent a satisfaction survey form and in addition an independent telephone survey was carried out during the final 3 months of the year. The cumulative findings from these exercises indicate a continuing high level of satisfaction with the service received (93.43%).

RURAL STIRLING HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Annual Return on the Charter (ARC)

The Association's performance against the Charter indicators in 2014/15 compared with the first return for 2013/14 can be seen below. The Association continued to perform relatively well against most key indicators and some significant improvements were achieved. There was however a reduction in recovery of effective (rather than Gross) rent arrears which is not clear from the ARC indicators, but indicated by the decline in % of rent due collected.

ARC indicator	2013/14	2014/15
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%	93.80%
% of stock meeting SHQS	97.90%	100%
Average time to complete emergency repairs	2.38 hrs	2.48 hrs
Average time to complete non-emergency repairs	7.38 days	6.7 days
% of reactive repairs carried out right first time	90.40%	88.06%
% of tenants who have had repairs carried out in last 12 months satisfied with service	83.70%	93.43%
Rent collected as % of rent due	100.80%	99.69%
% of rent lost through empty properties	0.44%	0.34%
Weekly rent increase applied for 2014/15	2.60%	2.30%
Gross rent arrears	5.51%	4.76%
ASB cases resolved within targets	73.70%	73.68%
Satisfaction with management of neighbourhood	91.08%	*
Average time to re-let properties	21.2 days	11.6 days

(* = same figure applies as drawn from last independent tenant satisfaction survey of around 40% of our tenants, carried out by BMG Ltd in 2013/14.)

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

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 & Community Benefit Societies Act 2014 requires 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, 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.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

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;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a 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.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in 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, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee of Management

Margaret Beaton

MARGARET BEATON

Secretary

12 August 2015

REPORT BY THE AUDITORS TO THE MEMBERS
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 Regulatory Standards in respect of internal financial controls contained within 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 Financial Reporting Council. 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
12 August 2015

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 2015 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 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 2015 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.

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.

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

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the 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
12 August 2015

RURAL STIRLING HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	2,207,442	2,045,392
Operating Costs	2.	<u>(1,516,867)</u>	<u>(1,538,201)</u>
OPERATING SURPLUS	9.	690,575	507,191
Gain On Sale Of Housing Stock	7.	33,055	-
Interest Receivable and Other Income		4,380	8,340
Interest Payable and Similar Charges	8.	<u>(365,535)</u>	<u>(286,243)</u>
		<u>(328,100)</u>	<u>(277,903)</u>
SURPLUS ON ORDINARY ACTIVITIES		<u><u>362,475</u></u>	<u><u>229,288</u></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 13 to 26 form part of these financial statements

RURAL STIRLING HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	2015		2014	
		£	£	£	£
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		44,760,797		44,469,692
Less: Social Housing Grant	11.(a)		(31,968,419)		(31,904,907)
: Other Public Grants	11.(a)		(1,400,072)		(1,225,849)
			<u>11,392,306</u>		<u>11,338,936</u>
Other fixed assets	11.(b)		222,574		231,147
			<u>11,614,880</u>		<u>11,570,083</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	22.		1		1
CURRENT ASSETS					
Debtors	14.	196,508		201,973	
Cash at bank and in hand		1,683,790		1,626,638	
		<u>1,880,298</u>		<u>1,828,611</u>	
CREDITORS: Amounts falling due within one year					
	15.	(760,693)		(1,783,094)	
NET CURRENT ASSETS			<u>1,119,605</u>		<u>45,517</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,734,486</u>		<u>11,615,601</u>
CREDITORS: Amounts falling due after more than one year					
	16.	(9,721,075)		(8,964,665)	
NET ASSETS			<u>3,013,411</u>		<u>2,650,936</u>
CAPITAL AND RESERVES					
Share Capital	18.		299		299
Designated Reserves	19.(a)		-		189,769
Revenue Reserves	19.(b)		3,013,112		2,460,868
			<u>3,013,411</u>		<u>2,650,936</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 12 August 2015.


Chairperson


Vice-Chairperson


Secretary

The notes on pages 13 to 26 form part of these financial statements

RURAL STIRLING HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015	2014
		£	£
Net Cash Inflow from Operating Activities	17.	832,451	825,533
Returns on Investment and Servicing of Finance			
Interest Received	4,380	9,332	
Interest Paid	(365,535)	(300,067)	
Net Cash Outflow from Investment and Servicing of Finance		(361,155)	(290,735)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(743,665)	(2,603,601)	
Purchase of Other Fixed Assets	(3,228)	(12,643)	
Social Housing Grant Received	361,023	1,064,482	
Other Grants Received	174,453	150,000	
Proceeds on Disposal of Properties	57,716		
Net Cash Outflow from Capital Expenditure and Financial Investment		(153,701)	(1,401,762)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing		317,595	(866,964)
Management of Liquid Resources			
Change in short term deposits with banks		-	250,000
Financing			
Loan Advances Received	1,096,920	1,094,156	
Loan Principal Repayments	(260,468)	(194,312)	
Share Capital Issued	25	13	
Net Cash Inflow from Financing		836,477	899,857
Increase in Cash	17.	1,154,072	282,893

The notes on pages 13 to 26 form part of these financial statements

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2015

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 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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,173,494	1,499,296	674,198	2,013,379	1,458,647	554,732
Other Activities	4.	33,948	17,571	16,377	32,013	79,554	(47,541)
Total		2,207,442	1,516,867	690,575	2,045,392	1,538,201	507,191

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2015 Total £	2014 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,063,194	-	60,165	2,123,359	1,954,248
Service Charges Receivable	10,948	-	842	11,790	38,926
Gross Rents Receivable	2,074,142	-	61,007	2,135,149	1,993,174
Less: Rent losses from voids	12,373	-	-	12,373	9,561
Net Rents Receivable	2,061,769	-	61,007	2,122,776	1,983,613
Revenue Grants from Scottish Ministers	50,718	-	-	50,718	29,766
Total Income From Social Letting	2,112,487	-	61,007	2,173,494	2,013,379
Expenditure on Social Letting Activities					
Service Costs	30,086	-	-	30,086	49,998
Management and maintenance administration costs	678,013	-	20,863	698,876	690,349
Reactive Maintenance	235,826	-	-	235,826	208,305
Bad Debts - Rents and Service Charges	8,963	-	-	8,963	1,321
Planned and Cyclical Maintenance, including Major Repairs	189,098	-	-	189,098	189,861
Depreciation of Social Housing	332,603	-	3,844	336,447	318,813
Operating Costs of Social Letting	1,474,589	-	24,707	1,499,296	1,458,647
Operating Surplus on Social Letting Activities	637,898	-	36,300	674,198	554,732
2014	521,023	-	33,709		

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	-	(24,164)
Factoring	-	-	-	378	378	-	-	378	297
Development and construction of property activities	2,260	-	-	-	2,260	-	-	2,260	(44,281)
Other Income	-	-	-	15,336	15,336	-	15,000	336	7,447
Group Structure Costs	-	-	-	-	-	-	2,571	(2,571)	(3,556)
Solar Panel Tariffs	-	-	-	15,974	15,974	-	-	15,974	16,716
Total From Other Activities	2,260	-	-	31,688	33,948	-	17,571	16,377	(47,541)
2014	-	-	-	32,013	32,013	-	79,554	(47,541)	

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.	2015	2014
	£	£
No Officer of the Association received emoluments greater than £60,000.		
Emoluments payable to Chief Executive (excluding pension contributions)	<u>56,588</u>	<u>52,860</u>

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>11</u>	<u>10</u>
Staff Costs were:	£	£
Wages and Salaries	380,645	317,582
Social Security Costs	33,288	29,758
Other Pension Costs	27,287	22,403
Temporary, Agency and Seconded Staff	8,499	14,184
	<u>449,719</u>	<u>383,927</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	57,716	-
Cost of Sales	24,661	-
Gain On Sale Of Housing Stock	<u>33,055</u>	<u>-</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>365,535</u>	<u>296,047</u>
	365,535	296,047
Less: Interest Capitalised	<u>-</u>	<u>9,804</u>
	<u>365,535</u>	<u>286,243</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2014 £0).

Interest capitalised was incurred at varying rates of interest.

9. SURPLUS ON ORDINARY ACTIVITIES

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	348,247	332,830
Auditors' Remuneration - Audit Services	8,000	5,480
- Other Services	<u>800</u>	<u>5,451</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 2015

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 2014	44,576,675	989,634	1,190,157	46,756,466
Additions	160,068	583,597	-	743,665
Disposals	(21,867)	-	(103,907)	(125,774)
Schemes Completed	1,604,181	(1,547,465)	(56,716)	-
As at 31st March 2015	46,319,057	25,766	1,029,534	47,374,357
DEPRECIATION				
As at 1st April 2014	2,212,615	-	74,159	2,286,774
Charge for Year	332,602	-	3,844	336,446
Disposals	(820)	-	(8,840)	(9,660)
As at 31st March 2015	2,544,397	-	69,163	2,613,560
SOCIAL HOUSING GRANT				
As at 1st April 2014	30,424,624	636,788	843,495	31,904,907
Additions	-	154,735	-	154,735
Disposals	(16,872)	-	(74,351)	(91,223)
Schemes Completed	834,418	(791,523)	(42,895)	-
As at 31st March 2015	31,242,170	-	726,249	31,968,419
OTHER CAPITAL GRANTS				
As at 1st April 2014	1,206,100	-	19,749	1,225,849
Additions	-	175,000	-	175,000
Disposals	(230)	-	(547)	(777)
Schemes Completed	150,000	(150,000)	-	-
As at 31st March 2015	1,355,870	25,000	19,202	1,400,072
NET BOOK VALUE				
As at 31st March 2015	11,176,620	766	214,920	11,392,306
As at 31st March 2014	10,733,336	352,846	252,754	11,338,936

Additions to housing properties includes capitalised development administration costs of £Nil (2014 - £27,696) and capitalised major repair costs to existing properties of £64,109 (2014 £151,542)

All land and housing properties are freehold.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Let Property Furniture £	Information Technology £	Office Equipment £	Office Premises £	Office Furniture & Equipment £	Motor Vehicles £	Total £
COST							
As at 1st April 2014	5,009	76,103	19,381	263,488	18,260	8,809	391,050
Additions	-	1,334	263	1,631	-	-	3,228
As at 31st March 2015	5,009	77,437	19,644	265,119	18,260	8,809	394,278
GRANTS RECEIVED							
As at 1st April 2014	5,009	-	-	-	-	-	5,009
As at 31st March 2015	5,009	-	-	-	-	-	5,009
AGGREGATE DEPRECIATION							
As at 1st April 2014	-	72,568	10,218	50,609	12,690	8,809	154,894
Charge for year	-	3,230	2,743	4,919	909	-	11,801
As at 31st March 2015	-	75,798	12,961	55,528	13,599	8,809	166,695
NET BOOK VALUE							
As at 31st March 2015	-	1,639	6,683	209,591	4,661	-	222,574
As at 31st March 2014	-	3,535	9,163	212,879	5,570	-	231,147

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>378,575</u>	<u>552,814</u>

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

	2015 £	2014 £
At the year end, the annual commitments under operating leases were as follows:-		
Other		
Expiring between two and five years	<u>768</u>	<u>768</u>

14. DEBTORS

	2015 £	2014 £
Arrears of Rent & Service Charges	105,432	109,738
Less: Provision for Doubtful Debts	<u>(46,233)</u>	<u>(42,629)</u>
	59,199	67,109
Social Housing Grant Receivable	27,191	110,794
Other Debtors	110,118	24,070
	<u>196,508</u>	<u>201,973</u>

15. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Bank Overdrafts (secured)	-	1,096,920
Housing Loans	328,681	248,639
Trade Creditors	38,488	-
Rent in Advance	75,268	54,276
Social Housing Grant in Advance	122,685	-
Amounts Due to Group Undertakings	90,000	-
Other Creditors	366	276,810
Accruals and Deferred Income	105,205	106,449
	<u>760,693</u>	<u>1,783,094</u>

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

At the balance sheet date there were pension contributions outstanding of £Nil (2014 £3,654)

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

	2015 £	2014 £
Housing Loans	<u>9,721,075</u>	<u>8,964,665</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	328,681	248,639
Between one and two years	328,802	1,063,489
Between two and five years	1,059,511	7,901,176
In five years or more	8,332,762	-
	10,049,756	9,213,304
Less: Amount shown in Current Liabilities	<u>328,681</u>	<u>248,639</u>
	<u>9,721,075</u>	<u>8,964,665</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	690,575	507,191
Depreciation	348,247	332,830
Change in Debtors	(78,138)	6,967
Change in Creditors	(128,208)	(21,434)
Share Capital Written Off	(25)	(21)
Net Cash Inflow from Operating Activities	<u>832,451</u>	<u>825,533</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	1,154,072		282,893	
Cash flow from management of liquid resources	-		(250,000)	
Cash flow from change in debt	(836,452)		(899,844)	
Movement in net debt during year		317,620		(866,951)
Net debt at 1st April 2014		(8,683,586)		(7,816,635)
Net debt at 31st March 2015		<u>(8,365,966)</u>		<u>(8,683,586)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	1,626,638	57,152		1,683,790
Bank Overdrafts	(1,096,920)	1,096,920		-
	529,718	1,154,072		1,683,790
Debt: Due within one year	(248,639)	260,468	(340,510)	(328,681)
Due after more than one year	(8,964,665)	(1,096,920)	340,510	(9,721,075)
Net Debt	<u>(8,683,586)</u>	<u>317,620</u>	<u>-</u>	<u>(8,365,966)</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	299
Issued in year	25
Cancelled in year	(25)
At 31st March 2015	<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	Total
	Maintenance	
	£	£
At 1st April 2014	189,769	189,769
Transfer to / (from) Revenue Reserves	(189,769)	(189,769)
At 31st March 2015	<u>-</u>	<u>-</u>
 (b) Revenue Reserves		
		Total
		£
At 1st April 2014		2,460,868
Surplus for the year		362,475
Transfer (to) / from Designated Reserves		189,769
At 31st March 2015		<u>3,013,112</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
	No.	No.
General Needs - New Build	531	516
- Rehabilitation	12	11
Shared Ownership	25	28
	<u>568</u>	<u>555</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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:

2 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. FIXED ASSET INVESTMENT

	2015 £	2014 £
Investments in Subsidiaries		
As at 31st March 2015 & 31st March 2014	<u>1</u>	<u>1</u>

In the opinion of the Committee of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Venachar Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves of Venachar Limited for the year ended 31st March 2015 were as follows:

	2015 £	2014 £
Capital & Reserves	<u>1</u>	<u>1</u>
Profit for the year	<u>-</u>	<u>-</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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 £535,885 (2014: (£418,547)). 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.

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 £27,287 (2014: £22,403).