



**Alexander Sloan**  
Accountants and Business Advisers

# **Rural Stirling Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2018**

**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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## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

### BOARD OF MANAGEMENT

Margaret Vass	Chairperson
Mark Griffiths	Vice Chairperson, from September 2017
Fiona Boath	Secretary
Colin O'Brien	Vice Chairperson, to September 2017
Linda Anderson	
Rob Hughes	Resigned November 2017
Fiona Russell	Resigned September 2017
Theresa Elliot	
David Frod	
Alistair Miller	
Susan Macmillan	
Bob Moyes	
Phillip Ragsdell	
Pat Mccausland	Elected September 2017, Resigned April 2018
Malcolm Begg	Elected September 2017
Evelyn Tweed	Council Representative, June 2017 to October 2017
Graham Lambie	Council Representative, from November 2017
Alison Smith	Appointed 27 July 2018

### EXECUTIVE OFFICERS

Tony Teasdale	Chief Executive (Resigned October 2017)
Donna Birrell	Chief Executive (Appointed December 2017)

### REGISTERED OFFICE

Stirling Road  
Doune  
Perthshire  
FK16 6AA

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

The Internal Audit Association  
61 Dublin Street  
Edinburgh  
EH3 6NL

### BANKERS

Royal Bank of Scotland  
55 Main Street  
Callander  
FK17 8DY

### SOLICITORS

Hill & Robb  
3 Pitt Terrace  
Stirling  
FK7 2EY

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2018.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.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. Activities extend to:

1. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
2. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2001, including any statutory amendment or re enactment of the provisions of this section from time to time being in force and;
3. carrying on any other charitable activities permitted to registered social landlords from time to time.

### Review of Business and Future Developments

#### Housing stock

At 31 March 2018, the Association owned 588 properties – 566 homes for rent, 18 for shared ownership and 4 properties were leased to our subsidiary company Venachar, for mid-market rent. The Association also provided services to 21 factored properties.

These are all located within 17 settlements throughout the rural Stirling area. Nearly all the properties have been built by the Association during the past 26 years with a small number acquired/refurbished.

The average net weekly rent for an RSHA property during 2017/18 was £77.91 (including common landscaping and other service charges).

#### Office and staffing

The Association's staff team at the end of the year comprised 12.4 full time equivalents posts.

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

In October 2017, the Association's long serving CEO left to take up a new opportunity elsewhere and a successor was appointed in mid-December 2017. The priority since the appointment of the new CEO has been to provide continuity of leadership and direction to the staff team and to protect and maintain standards of quality and performance to our customers and stakeholders.

#### Performance

The Association has reported a surplus for the year of £570,990 (2017 – £579,638). It should be noted that £150,202 of this surplus represents the positive movement in the fair value of financial instruments. These are non cash movements. In addition, net assets have increased by £570,978 to £4,987,791. The Board is satisfied with these results.

Rent losses from voids and bad debts remained low at 1.06% of gross rental and service charge income. 37 properties (all relets, no new builds) were let during the year and it took 14.84 days (2017: 13.69 days) on average to re-let properties, which is well below the sector average. Demand for housing remains strong with 284 new applications for housing received during the year and 593 live applications for housing on our list at 31/3/18.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

#### Development

During the year the Association commenced construction on 2 sites, one in Callander at Station Road providing 23 homes for rent and one in Killearn providing a further 12 new units.

The Association has an ongoing development programme for new homes. Progress is being made through planning to allow construction to commence later in the 2018/19 year at:

- Claish Farm, Callander (50 homes)
- Plantation Site, Balmaha (22 homes)
- Springbank Road, Doune (Ph. 5) (6 homes)

Three shared ownership properties were acquired during the 2017/18 year. These are now being leased to our subsidiary company Venachar, for mid-market 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 also has an ongoing component renewal programme to ensure that all its properties are kept to a high standard.

During the year the Association renewed windows in 17 properties, renewed rear doors in 6 properties, converted 51 electrically heated properties to gas heating and upgraded electric heating in a further 49 properties. A range of smaller projects were also carried out including garden drainage work, roof repairs and road repairs.

1,372 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 – 10 days). It took an average of 2.7 hours to attend to emergency repairs and 5.7 days for all other repairs. Repairs were completed 'Right First Time' 88% of the time and all gas safety checks were carried out by their anniversary.

All those reporting a repair are sent a satisfaction form and this exercise indicates a continuing high level of satisfaction with the service received (96%).

#### Annual Return on the Charter (ARC)

The Association's performance against the Charter indicators in 2017/18 compared with the return for the two previous years can be seen below. The latest independent survey of tenant satisfaction, carried out by the Research Resource Ltd in June 2016, suggested further improvements in tenant satisfaction across the board (indicators marked as ^).

ARC Indicator	2015/16	2016/17	2017/18
Overall tenant satisfaction	93.90%^	97.40%^	97.40%^
% who feel landlord is good at keep them informed	92.90%^	98.70%^	98.70%^
% satisfaction with opportunities to participate in decision	93.90%^	99.60%^	99.60%^
% of complaints responded to within timescales	86.80%	75.30%	96.90%
% of stock meeting SHQS	100.00%	100.00%	100.00%
Average time to complete emergency repairs	2.55 hours	2.30 hours	2.67 hours
Average time to complete non-emergency repairs	5.21 days	5.06 days	5.68 days
% of reactive repairs carried out right first time	91.82%	89.07%	87.59%
% of tenants who have had repairs carried out in the last 12 months	96.00%	95.90%	96.00%
Rent collected as a % of rent due	100.10%	102.52%	100.10%
% of rent lost through empty properties	0.23%	0.20%	0.23%
Rent increase applied for 2017/18	1.50%	2.00%	2.00%
Gross rent arrears	4.99%	4.60%	5.16%
ASB cases resolved within targets	90.38%	91.04%	90.53%
Satisfaction with management of neighbourhood	91.08%	99.12%^	99.12%^
Average time to re-let properties	12.44 days	13.69 days	14.84 days

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### Board of Management and Executive Officers

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

Each member of the Board 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 Board of Management.

The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

### Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Board 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 Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Board 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 2014 and the Determination of Accounting Requirements - 2015. 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 Board 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 Board 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 Board 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.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### Statement on Internal Financial Control

The Board 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 Board 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 Board 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 Board of Management;
- the Board 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.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Auditors

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

By order of the Board of Management

**FIONA BOATH**

Secretary

15 August 2018

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS 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 Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

### **Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

### **Opinion**

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

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



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
15 August 2018



**Alexander Sloan**  
Accountants and Business Advisers



# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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

### Opinion

We have audited the financial statements of Rural Stirling Housing Association Limited ("the Association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society 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 auditor's 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RURAL STIRLING HOUSING ASSOCIATION LIMITED (Continued)

### Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 4, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

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

**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
15 August 2018



**Alexander Sloan**  
Accountants and Business Advisers

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
REVENUE	2	3,236,244	3,143,710
Operating Costs	2	<u>(2,452,622)</u>	<u>(2,290,689)</u>
OPERATING SURPLUS		783,622	853,021
Gain On Sale Of Housing Stock	7	-	33,421
Interest Receivable and Other Income		157	997
Interest Payable and Similar Charges	8	(359,899)	(372,029)
Movement in fair value of financial instruments	25	150,202	67,201
Other Finance Income / (Charges)	11	<u>(3,092)</u>	<u>(2,973)</u>
		(212,632)	(273,383)
Surplus on ordinary activities before taxation		<u>570,990</u>	<u>579,638</u>

The notes on pages 13 to 27 form part of these financial statements.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		40,029,884		38,143,762
Other Non-current Assets	12 (b)		240,801		227,493
			<u>40,270,685</u>		<u>38,371,255</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	26	1		1	
			1		1
<b>CURRENT ASSETS</b>					
Receivables	15	810,458		214,000	
Cash at bank and in hand		1,248,808		985,964	
		<u>2,059,266</u>		<u>1,199,964</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>(1,789,706)</u>		<u>(893,909)</u>	
<b>NET CURRENT ASSETS</b>			<u>269,560</u>		<u>306,055</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>40,540,246</u>		<u>38,677,311</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		<u>(9,284,190)</u>		<u>(9,726,834)</u>
<b>DEFERRED INCOME</b>					
Social Housing Grants	19	(25,109,791)		(23,341,859)	
Other Grants	19	<u>(1,158,474)</u>		<u>(1,191,805)</u>	
			<u>(26,268,265)</u>		<u>(24,533,664)</u>
<b>NET ASSETS</b>			<u>4,987,791</u>		<u>4,416,813</u>
<b>EQUITY</b>					
Share Capital	20		272		284
Revenue Reserves			<u>4,987,519</u>		<u>4,416,529</u>
			<u>4,987,791</u>		<u>4,416,813</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 15 August 2018.

The notes on pages 16 to 27 form part of these financial statements.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
<b>Net cash inflow from operating activities</b>	18	1,146,123	1,051,685
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(2,215,251)	(1,666,654)	
Purchase of Other Fixed Assets	(27,101)	(16,454)	
Social Housing Grant Received	1,958,967	1,026,212	
Social Housing Grant Repaid	(15,575)	-	
Proceeds on Disposal of Properties	-	61,456	
<b>Net cash outflow from investing activities</b>		(298,960)	(595,440)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	157	997	
Interest Paid on Loans	(317,963)	(362,281)	
Loan Principal Repayments	(266,514)	(266,585)	
Share Capital Issued	1	11	
<b>Net cash outflow from financing activities</b>		(584,319)	(627,858)
<b>Increase / (decrease) in cash</b>		262,844	(171,613)
<b>Opening Cash &amp; Cash Equivalents</b>		985,964	1,157,577
<b>Closing Cash &amp; Cash Equivalents</b>		<u>1,248,808</u>	<u>985,964</u>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		<u>1,248,808</u>	<u>985,964</u>

The notes on pages 13 to 27 form part of these financial statements.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1 April 2016</b>	292	3,836,891	3,837,183
Issue of Shares	11	-	11
Cancellation of Shares	(19)	-	(19)
Surplus for the year	-	579,638	579,638
<b>Balance as at 31 March 2017</b>	<u>284</u>	<u>4,416,529</u>	<u>4,416,813</u>
<b>Balance as at 1 April 2017</b>	284	4,416,529	4,416,813
Issue of Shares	1	-	1
Cancellation of Shares	(13)	-	(13)
Surplus for the year	-	570,990	570,990
<b>Balance as at 31 March 2018</b>	<u>272</u>	<u>4,987,519</u>	<u>4,987,791</u>

The notes on pages 13 to 27 form part of these financial statements.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for registered social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by registered social housing providers 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

#### Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Rural Stirling Housing Association Limited present information about it as an individual undertaking and not about the group.

#### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

#### Retirement Benefits

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

#### Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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.

Component	Useful Economic Life
Kitchen	18 years
Bathrooms	30 years
Boilers	15 years
Heating Systems	30 years
Windows	40 years
External Doors	30 years
Rewiring	40 years
Roofs	50 years
Structure	50 years
Solar Panels	25 years

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES

### Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Office Premises	2.00%
Furniture and Fittings	10.00%
Motor Vehicles	25.00%
Office Equipment	20.00%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

### Social Housing Grant and Other Grants in Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

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

### Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

### Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

#### a) Rent Arrears - Bad Debt Provision

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

#### b) Life Cycle of Components

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

#### c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

#### d) Costs of shared ownership

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



# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES

### **Leases/Leased Assets**

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

### **Works to Existing Properties**

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

### **Capitalisation Of Development Overheads**

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

### **Property Development Cost**

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 Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

### **Derivative Financial Instruments**

The Association uses an interest-rate swap to manage its exposure to interest-rate movements. The fair value of these contracts is recorded in the balance sheet and is determined by discounted future cash flows at the prevailing market rates at the balance sheet date.

The Association's interest rate swap is not designated as a hedging instrument.

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

#### ***a) The Categorisation of Housing Properties***

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

#### ***b) Identification of cash generating units***

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

#### ***c) Financial instrument break clauses***

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	3,143,605	2,419,442	724,163	3,116,072	2,290,689	825,383
Other Activities	4	92,639	33,180	59,459	27,638	-	27,638
<b>Total</b>		<b>3,236,244</b>	<b>2,452,622</b>	<b>783,622</b>	<b>3,143,710</b>	<b>2,290,689</b>	<b>853,021</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	2,297,101	47,593	2,344,694	2,275,223
Service charges receivable	9,638	-	9,638	10,194
<b>Gross Income from rent and service charges</b>	<b>2,306,739</b>	<b>47,593</b>	<b>2,354,332</b>	<b>2,285,417</b>
Less: Rent losses from voids	5,735	1,942	7,677	8,418
<b>Net Rents Receivable</b>	<b>2,301,004</b>	<b>45,651</b>	<b>2,346,655</b>	<b>2,276,999</b>
Grants released from deferred income	735,914	13,025	748,939	806,226
Revenue grants from Scottish Ministers	48,011	-	48,011	32,847
<b>Total turnover from affordable letting activities</b>	<b>3,084,929</b>	<b>58,676</b>	<b>3,143,605</b>	<b>3,116,072</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	826,237	27,541	853,778	795,407
Service Costs	51,492	-	51,492	29,225
Planned and cyclical maintenance, including major repairs	112,064	-	112,064	183,676
Reactive maintenance costs	250,906	-	250,906	248,326
Bad Debts - rents and service charges	17,292	-	17,292	1,686
Depreciation of affordable let properties	1,120,829	13,081	1,133,910	1,032,369
<b>Operating costs of affordable letting activities</b>	<b>2,378,820</b>	<b>40,622</b>	<b>2,419,442</b>	<b>2,290,689</b>
<b>Operating surplus on affordable letting activities</b>	<b>706,109</b>	<b>18,054</b>	<b>724,163</b>	<b>825,383</b>
<b>2017</b>	<b>784,686</b>	<b>40,697</b>		

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£	£
Income from subsidiary	19,343	-	-	19,343	-	19,343	6,802
Administration allowance for Stage 3 grants	2,900	-	-	2,900	-	2,900	3,284
Agency or management services	-	52,955	-	52,955	33,180	19,775	-
Other activities	-	-	929	929	-	929	500
Solar panel tariffs	-	-	16,512	16,512	-	16,512	17,052
<b>Total From Other Activities</b>	<b>22,243</b>	<b>52,955</b>	<b>17,441</b>	<b>92,639</b>	<b>33,180</b>	<b>59,459</b>	<b>27,638</b>
2017	3,284	-	24,354	27,638	-	27,638	-

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. OFFICERS' EMOLUMENTS

	2018	2017
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.	£	£
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>4,825</u>	<u>5,217</u>
Emoluments payable to Chief Executives (excluding pension contributions)	<u>58,313</u>	<u>58,263</u>
Total Emoluments paid to key management personnel	<u>70,012</u>	<u>70,053</u>

The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	<u>1</u>	<u>1</u>

## 6. EMPLOYEE INFORMATION

	2018	2017
	<b>No.</b>	<b>No.</b>
The average monthly number of full time equivalent persons employed during the year was:	<u>12</u>	<u>12</u>
The average total number of Employees employed during the year was:	<u>15</u>	<u>14</u>
Staff Costs were:	£	£
Wages and Salaries	447,689	425,913
Social Security Costs	34,357	39,478
Other Pension Costs	35,855	35,804
	<u>517,901</u>	<u>501,195</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	-	61,456
Cost of Sales	-	<u>28,035</u>
Gain On Sale Of Housing Stock	-	<u>33,421</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	<u>359,899</u>	<u>372,029</u>

## 9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,147,703	1,043,600
Auditors' Remuneration - Audit Services	11,015	10,390
Operating Lease Rentals - Other	900	768
Gain on sale of fixed assets	-	<u>(33,421)</u>

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

## 11. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>3,092</u>	<u>2,973</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
As at 1 April 2017	48,901,462	779,114	900,682	50,581,258
Additions	583,606	2,436,426	-	3,020,032
Disposals	(155,769)	-	-	(155,769)
Transfers	140,596	-	(140,596)	-
As at 31 March 2018	<u>49,469,895</u>	<u>3,215,540</u>	<u>760,086</u>	<u>53,445,521</u>
<b>DEPRECIATION</b>				
As at 1 April 2017	12,112,531	-	324,965	12,437,496
Charge for Year	1,120,829	-	13,081	1,133,910
Transfers	49,722	-	(49,722)	-
Disposals	(155,769)	-	-	(155,769)
As at 31 March 2018	<u>13,127,313</u>	<u>-</u>	<u>288,324</u>	<u>13,415,637</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2018	<u>36,342,582</u>	<u>3,215,540</u>	<u>471,762</u>	<u>40,029,884</u>
As at 31 March 2017	<u>36,788,931</u>	<u>779,114</u>	<u>575,717</u>	<u>38,143,762</u>

Additions to housing properties include capitalised development administration costs of £nil (2017 - £nil) and capitalised major repair costs to existing properties of £461,106 (2017 - £517,262).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £573,170 (2017 - £949,264). The amount capitalised is £461,106 (2017 - £517,262) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £461,106 (2017 - £517,262) and improvement of £0 (2017 - £0).

Included within the £583,606 additions to Housing Properties Held for Letting is £147,500 of additions in respect of shared ownership properties which the Association has now bought outright.

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £19,662,429 (2017 - £17,383,666).

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises	Furniture & Equipment	Motor Vehicle	Total
	£	£	£	£
<b>COST</b>				
As at 1 April 2017	281,573	38,774	11,720	332,067
Additions	10,438	16,663	-	27,101
As at 31 March 2018	<u>292,011</u>	<u>55,437</u>	<u>11,720</u>	<u>359,168</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1 April 2017	65,681	33,033	5,860	104,574
Charge for year	4,606	6,257	2,930	13,793
As at 31 March 2018	<u>70,287</u>	<u>39,290</u>	<u>8,790</u>	<u>118,367</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2018	<u>221,724</u>	<u>16,147</u>	<u>2,930</u>	<u>240,801</u>
As at 31 March 2017	<u>215,892</u>	<u>5,741</u>	<u>5,860</u>	<u>227,493</u>

## 13. CAPITAL COMMITMENTS

	2018	2017
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>1,698,932</u>	<u>-</u>

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

## 14. COMMITMENTS UNDER OPERATING LEASES

	2018	2017
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	1,296	768
Later than one year and not later than five years	<u>4,860</u>	<u>1,152</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Arrears of Rent & Service Charges	123,702	104,450
Less: Provision for Doubtful Debts	(46,752)	(48,955)
	76,950	55,495
Social Housing Grant Receivable	676,377	134,415
Other Receivables	42,271	22,443
Amounts Due from Group Undertakings	14,860	1,647
	<u>810,458</u>	<u>214,000</u>

## 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	228,494	225,648
Derivative Financial Instruments	23,084	-
Trade Payables	800,977	88,933
Rent Received in Advance	92,090	87,770
HAG creditor	162,161	144,774
Other Loans	80,400	77,308
Other Payables	60,256	5,137
Accruals and Deferred Income	342,244	264,339
	<u>1,789,706</u>	<u>893,909</u>

At the balance sheet date there were pension contributions outstanding of £5,140 (2017 - £4,918).



# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Derivative Financial Instruments	269,239	442,525
Housing Loans	9,014,951	9,284,309
	<u>9,284,190</u>	<u>9,726,834</u>
<b>Housing Loans</b>		
Amounts due within one year	228,494	225,648
Amounts due in one year or more but less than two years	196,628	207,563
Amounts due in two years or more but less than five years	709,166	719,573
Amounts due in more than five years	8,109,157	8,357,173
	<u>9,243,445</u>	<u>9,509,957</u>
Less: Amount shown in Current Liabilities	228,494	225,648
	<u>9,014,951</u>	<u>9,284,309</u>
<b>Derivative Financial Instruments</b>		
Amounts due within one year	23,084	-
Amounts due in one year or more but less than two years	-	77,322
Amounts due in two years or more but less than five years	269,239	-
Amounts due in more than five years	-	365,203
	<u>292,323</u>	<u>442,525</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Nationwide BS	Standard security over 4 properties	3.99%	2029	Variable
Nationwide BS	Standard security over 6 properties	3.49%	2027	Variable
Nationwide BS	Standard security over 18 properties	3.49%	2028	Variable
Nationwide BS	Standard security over 9 properties	1.04%	2033	Variable
Nationwide BS	Standard security over 8 properties	3.49%	2032	Variable
Nationwide BS	Standard security over 10 properties	3.49%	2024	Variable
Nationwide BS	Standard security over 8 properties	3.49%	2028	Variable
Nationwide BS	Standard security over 23 properties	1.09%	2034	Variable
Nationwide BS	Standard security over 24 properties	0.99%	2037	Variable
Nationwide BS	Standard security over 20 properties	1.84%	2039	Variable
Bank of Scotland	Standard security over 2 properties	5.50%	2025	Fixed
Bank of Scotland	Standard security over 8 properties	1.10%	2033	Variable
Bank of Scotland	Standard security over 5 properties	1.10%	2033	Variable
Bank of Scotland	Standard security over 12 properties	4.12%	2033	Fixed
Bank of Scotland	Standard security over 27 properties	4.12%	2032	Fixed
Bank of Scotland	Standard security over 35 properties	5.95%	2025	Fixed
Bank of Scotland	Standard security over 12 properties	3.42%	2027	Variable
Bank of Scotland	Standard security over 20 properties	3.41%	2028	Variable
Royal Bank of Scotland	Standard security over 30 properties	7.50%	2029	Fixed
Royal Bank of Scotland	Standard security over 32 properties	5.30%	2040	Fixed
Royal Bank of Scotland	Standard security over 32 properties	6.11%	2040	Fixed
Royal Bank of Scotland	Standard security over 12 properties	2.04%	2040	Variable
Royal Bank of Scotland	Standard security over 20 properties	2.59%	2040	Variable

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

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018	2017
	£	£
Operating Surplus	783,622	853,021
Depreciation	1,147,703	1,043,600
Amortisation of Capital Grants	(748,939)	(806,226)
Change in debtors	(54,496)	115,750
Change in creditors	21,338	(151,468)
Unwinding of Discount	(3,092)	(2,973)
Share Capital Written Off	(13)	(19)
Net cash inflow from operating activities	<u>1,146,123</u>	<u>1,051,685</u>

## 19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>Social Housing Grants</b>				
As at 1 April 2017	32,087,373	477,626	633,148	33,198,147
Additions in the year	-	2,483,540	-	2,483,540
Transferred	140,596	-	(140,596)	-
As at 31 March 2018	<u>32,227,969</u>	<u>2,961,166</u>	<u>492,552</u>	<u>35,681,687</u>
<b>Amortisation</b>				
As at 1 April 2017	9,584,155	-	272,133	9,856,288
Amortisation in year	702,945	-	12,663	715,608
Transferred	49,722	-	(49,722)	-
As at 31 March 2018	<u>10,336,822</u>	<u>-</u>	<u>235,074</u>	<u>10,571,896</u>
<b>Net Book Value</b>				
As at 31 March 2018	<u>21,891,147</u>	<u>2,961,166</u>	<u>257,478</u>	<u>25,109,791</u>
As at 31 March 2017	<u>22,503,218</u>	<u>477,626</u>	<u>361,015</u>	<u>23,341,859</u>
<b>Other Grants</b>				
As at 1 April 2017	1,477,110	-	18,108	1,495,218
As at 31 March 2018	<u>1,477,110</u>	<u>-</u>	<u>18,108</u>	<u>1,495,218</u>
<b>Amortisation</b>				
As at 1 April 2017	297,618	-	5,795	303,413
Amortisation in year	32,969	-	362	33,331
As at 31 March 2018	<u>330,587</u>	<u>-</u>	<u>6,157</u>	<u>336,744</u>
<b>Net Book Value</b>				
As at 31 March 2018	<u>1,146,523</u>	<u>-</u>	<u>11,951</u>	<u>1,158,474</u>
As at 31 March 2017	<u>1,179,492</u>	<u>-</u>	<u>12,313</u>	<u>1,191,805</u>
<b>Total grants net book value as at 31 March 2018</b>	<u>23,037,670</u>	<u>2,961,166</u>	<u>269,429</u>	<u>26,268,265</u>
<b>Total grants net book value as at 31 March 2017</b>	<u>23,682,710</u>	<u>477,626</u>	<u>373,328</u>	<u>24,533,664</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2018	2017
	£	£
Amounts due within one year	748,939	806,226
Amounts due in one year or more	25,519,326	23,727,438
	<u>26,268,265</u>	<u>24,533,664</u>

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	284	292
Issued in year	1	11
Cancelled in year	(13)	(19)
At 31 March 2018	<u>272</u>	<u>284</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. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - Built by Association	557	554
General Needs - Purchased by Association	13	13
Shared Ownership	18	21
	<u>588</u>	<u>588</u>

## 22. RELATED PARTY TRANSACTIONS

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

Those members who 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.

Board of Management cannot use their position to their advantage. Any transactions between the Association and any entity with which a Board of Management member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board of Management members (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Board of Management and their close	<u>20,450</u>	<u>19,562</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £317 (2017 - £32).

Members of the Board of Management who are tenants	5	5
Members of the Board of Management who are local authority employees	1	-

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Stirling Road, Doune, Perthshire.

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

## 24. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £3,544 (2017 - £5,157) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

## 25. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2018 £	2017 £
Opening Fair Value of Derivative Financial Instruments	442,525	509,726
Change in Fair Value of Derivative Financial Instruments	<u>(150,202)</u>	<u>(67,201)</u>
Closing Fair Value of Derivative Financial Instruments	<u>292,323</u>	<u>442,525</u>

### *Interest Rate Risk*

Bank borrowings are in accordance with the Association's Treasury Management Policy and interest rate risk is managed by having a suitable balance of variable and fixed rate borrowings. The Interest rate swap forms part of that strategy.

# RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. INVESTMENTS

Investments in Subsidiaries	2018 £	2017 £
<b>Cost</b>		
As at 1 April and 31 March	<u>1</u>	<u>1</u>

In the opinion of the Board 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 named Venachar Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

During the year, Rural Stirling Housing Association Limited recharged staff costs and overheads to Venachar Limited, amounting to £9,715 (2017 - £5,702) and charged lease rentals totalling £9,628 (2017 - £1,100). At the year end the balance due from Venachar Limited to Rural Stirling Housing Association Limited was £14,860 (2017 - £1,647).

The aggregate amount of capital and reserves and the results of Venachar Limited for the year ended 31 March 2018 were as follows:

	2018 £	2017 £
Capital & Reserves	<u>2,497</u>	<u>3,439</u>
(Deficit) / Surplus for the year	<u>(942)</u>	<u>3,154</u>