



Alexander Sloan
Accountants and Business Advisers

Rural Stirling Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

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

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

BOARD OF MANAGEMENT

Margaret Vass	Chairperson
Mark Griffiths	Vice Chairperson
Fiona Boath	
Colin O'Brien	
Linda Anderson	
Theresa Elliot	
David Froad	Retired September 2018
Alistair Miller	Resigned April 2019
Susan Macmillan	
Bob Moyes	
Phillip Ragsdell	Resigned April 2019
Malcolm Begg	
Graham Lambie	Council Representative, role removed October 2018
Alison Smith	Appointed July 2018, elected September 2018
Marlin Earl	Elected September 2018
Pat McCausland	Resigned April 2018

EXECUTIVE OFFICERS

Donna Birrell	Chief Executive and Secretary
Kirsty Brown	Deputy Chief Executive

REGISTERED OFFICE

Stirling Road
Doune
Perthshire
FK16 6AA

EXTERNAL AUDITORS

Alexander Sloan
Accountants & 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
The Thistles Shopping Centre
Unit 22/23,
Thistles, Goosecroft Rd,
Stirling
FK8 2EA

SOLICITORS

Hill & Robb
3 Pitt Terrace
Stirling
FK7 2EY

RURAL STIRLING HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2019.

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.

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. 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;
3. 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;
4. 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 2019, the Association owned 622 properties – 602 homes for rent, 15 for shared ownership and 5 properties were leased to our subsidiary company Venachar, for mid-market rent. The Association also provided services to 36 factored properties.

These are all located within 18 settlements throughout the rural Stirling area. Nearly all the properties have been built by the Association during the past 29 years with a small number acquired/refurbished. The average net weekly rent for an RSHA property during 2018/19 was £80.30 (including common landscaping and other service charges).

Office and staffing

The Association's staff team at the end of the year comprised 12.5 full time equivalents posts.

The staff team normally operate from the Association's office at Stirling Road, Doune however due to refurbishment works they have been temporarily based at serviced office accommodation at Castle Business Park, Stirling. It is expected that the team will return to the Doune office late summer 2019.

The current CEO of the organisation has been in post since mid – December 2017 and is responsible for providing support and guidance to the governing body and providing leadership and direction to the staff team to protect and maintain standards of quality and performance to our customers and stakeholders.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Performance

The Association has reported a surplus for the year of £348,248 (2018 - £570,990). In addition, net assets have increased by £348,233 to £5,336,024. The Board is satisfied with these results.

Rent losses from voids and bad debts remained low at 1.63% of gross rental and service charge income.

76 properties (35 new builds) were let during the year and it took 12.98 days (2017/18: 14.84 days) on average to re-let properties, which is well below the sector average.

Demand for housing remains strong with 302 new applications for housing received during the year and 671 live applications for housing on our list at 31/3/19.

Development

During the year the Association completed 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.

We have one site under construction at Springbank Road, Doune which will provide 6 new homes and we acquired a site with the potential for 12 new homes at Lampson Road, Killearn at the end of financial year 2018/19. Site investigations and local consultation are now underway for this proposed development.

Progress is also being made to allow construction to commence later in the 2019/20 year at:

- Clash Farm, Callander (50 homes)
- Plantation Site, Balmaha (22 homes)

Two shared ownership properties were acquired during the 2018/19 year. One is now being let on a social rent basis and the other is being leased to our subsidiary company Venachar, for mid-market rent. One sharing owner also purchased the Association's share to tranche up to full ownership during the year.

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 electric heating in 49 properties and renewed gas boilers and controls in a further 30 properties. A range of smaller projects were also carried out including garden drainage work, roof repairs and road repairs.

1,388 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 2.5 hours to attend to emergency repairs and 5.7 days for all other repairs. Repairs were completed 'Right First Time' 88.5% 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 (95.5%).

RURAL STIRLING HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Annual Return on the Charter (ARC)

The Association's performance against the Charter indicators in 2018/19 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 ^). The reduction in SHQS compliance was due to a more detailed review of energy data for a small number of properties, resulting in them being reclassified as Fails. There was also 3 Exemptions identified.

ARC Indicator	2016/17	2017/18	2018/19
Overall tenant satisfaction	97.40%^	97.40%^	97.40%
% who feel landlord is good at keep them informed	98.70%^	98.70%^	98.70%
% satisfaction with opportunities to participate in decisions	99.60%^	99.60%^	99.60%
% of complaints responded to within timescales	75.30%	96.90%	78.85%
% of stock meeting SHQS	100.00%	100.00%	98.66%
Average time to complete emergency repairs	2.30 hours	2.67 hours	2.48 hours
Average time to complete non-emergency repairs	5.06 days	5.68 days	5.7 days
% of reactive repairs carried out right first time	89.07%	87.59%	88.49%
% of tenants who have had repairs carried out in the last 12 months	95.90%	96.00%	95.48%
Rent collected as a % of rent due	102.52%	100.10%	99.67%
% of rent lost through empty properties	0.20%	0.23%	0.30%
Rent increase applied for 2018/19	2.00%	2.00%	3.90%
Gross rent arrears	4.60%	5.16%	4.27%
ASB cases resolved within targets	91.04%	90.53%	89.4%
Satisfaction with management of neighbourhood	99.12%^	99.12%^	99.12%
Average time to re-let properties	13.69 days	14.84 days	13 days

RURAL STIRLING HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

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 requires 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 2010 and the Determination of Accounting Requirements - 2019. 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

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

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 2019. 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.

Donations

During the year the Association made charitable donations amounting to £3,150 (2018 - £250).

Auditors

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

By order of the Board of Management


DONNA BIRRELL
Chief Executive and Secretary
15 August 2019

RURAL STIRLING HOUSING ASSOCIATION LIMITED

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 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' 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 6 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' 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 'Regulation of Social Housing in Scotland' 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 2019



Alexander Sloan
Accountants and Business Advisers

RURAL STIRLING HOUSING ASSOCIATION LIMITED

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 2019 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 2019 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 2010 and the Determination of Accounting Requirements 2019.

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

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 5, 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 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 2019



Alexander Sloan
Accountants and Business Advisers

RURAL STIRLING HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
REVENUE	2		3,368,476		3,236,244
Operating Costs	2		<u>(2,701,175)</u>		<u>(2,452,622)</u>
OPERATING SURPLUS			667,301		783,622
Gain On Sale Of Housing Stock	7	14,754		-	
Interest Receivable and Other Income		417		157	
Interest Payable and Similar Charges	8	(363,745)		(359,899)	
Movement in fair value of financial instruments	25	39,121		150,202	
Other Finance Income / (Charges)	11	<u>(9,600)</u>		<u>(3,092)</u>	
			<u>(319,053)</u>		<u>(212,632)</u>
Surplus on ordinary activities before taxation			<u>348,248</u>		<u>570,990</u>

The notes on pages 14 to 30 form part of these financial statements.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		41,595,457		40,029,884
Other Non-current Assets	12 (b)		402,790		240,801
			<u>41,998,247</u>		<u>40,270,685</u>
INVESTMENTS					
Investment in subsidiaries	26	1		1	
CURRENT ASSETS					
Receivables	15	582,057		810,458	
Cash at bank and in hand		890,655		1,248,808	
		<u>1,412,712</u>		<u>2,059,266</u>	
CREDITORS: Amounts falling due within one year	16	<u>(1,186,602)</u>		<u>(1,789,706)</u>	
NET CURRENT ASSETS			<u>226,110</u>		<u>269,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>42,224,358</u>		<u>40,540,246</u>
CREDITORS: Amounts falling due after more than one year	17		<u>(10,436,182)</u>		<u>(9,284,190)</u>
DEFERRED INCOME					
Social Housing Grants	19	(25,326,798)		(25,109,791)	
Other Grants	19	(1,125,354)		(1,158,474)	
			<u>(26,452,152)</u>		<u>(26,268,265)</u>
NET ASSETS			<u>5,336,024</u>		<u>4,987,791</u>
EQUITY					
Share Capital	20		257		272
Revenue Reserves			5,335,767		4,987,519
			<u>5,336,024</u>		<u>4,987,791</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 15 August 2019.

Chairperson

Vice Chairperson

Secretary

The notes on pages 14 to 30 form part of these financial statements.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Net cash inflow from operating activities	18	333,066	1,296,325
Investing Activities			
Acquisition and Construction of Properties	(2,688,824)	(2,215,251)	
Purchase of Other Fixed Assets	(171,381)	(27,101)	
Social Housing Grant Received	1,281,096	1,958,967	
Social Housing Grant Repaid	-	(15,575)	
Proceeds on Disposal of Properties	48,831	-	
Net cash outflow from investing activities		(1,530,278)	(298,960)
Financing Activities			
Loan Advances Received	1,500,000	-	
Derivative movement	(39,121)	(150,202)	
Interest Received on Cash and Cash Equivalents	417	157	
Interest Paid on Loans	(406,226)	(317,963)	
Loan Principal Repayments	(276,016)	(266,514)	
Share Capital Issued	5	1	
Net cash inflow / (outflow) from financing activities		779,059	(734,521)
(Decrease) / increase in cash		(418,153)	262,844
Opening Cash & Cash Equivalents		1,248,808	985,964
Closing Cash & Cash Equivalents		830,655	1,248,808
Cash and Cash equivalents as at 31 March			
Cash		830,655	1,248,808
		<u>830,655</u>	<u>1,248,808</u>

The notes on pages 14 to 30 form part of these financial statements.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital £	Revenue Reserve £	Total £
Balance as at 31 March 2017	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
Balance as at 31 March 2018	272	4,987,519	4,987,791
Balance as at 1 April 2018	272	4,987,519	4,987,791
Issue of Shares	5	-	5
Cancellation of Shares	(20)	-	(20)
Surplus for the year	-	348,248	348,248
Balance as at 31 March 2019	257	5,335,767	5,336,024

The notes on pages 14 to 30 form part of these financial statements.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 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 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 Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. 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.

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 2019
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%
Furniture & Fittings	10%
Motor Vehicles	25%
Office Equipment	20%

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 of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

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

Taxation

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

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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.

Development Interest

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

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 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 Instrument

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 statement of financial position and is determined by discounted future cashflow at the prevailing market rates at the statement of financial position date.

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

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting judgements and 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 a percentage basis split across the number of properties the Association owns.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2019			2018		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Affordable letting activities	3	3,276,467	2,657,728	618,739	3,143,605	2,419,442	724,163
Other Activities	4	92,009	43,447	48,562	92,639	33,180	59,459
Total		3,368,476	2,701,175	667,301	3,236,244	2,452,622	783,622

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing		Shared Ownership		2019		2018	
	£	£	£	£	Total	Total	Total	Total
Revenue from Lettings								
Rent receivable net of service charges	2,426,223		30,604		2,456,827		2,344,694	
Service charges receivable	9,141		-		9,141		9,638	
Gross income from rent and service charges	2,435,364		30,604		2,465,968		2,354,332	
Less: Rent losses from voids	10,121		1,038		11,159		7,677	
Net Rents Receivable	2,425,243		29,566		2,454,809		2,346,655	
Grants released from deferred income	790,201		9,174		799,375		746,939	
Revenue grants from Scottish Ministers	22,283		-		22,283		48,011	
Total turnover from affordable letting activities	3,237,727		38,740		3,276,467		3,143,605	
Expenditure on affordable letting activities								
Management and maintenance administration costs	969,514		23,958		993,472		853,778	
Service Costs	36,041		-		36,041		51,492	
Planned and cyclical maintenance, including major repairs	122,131		-		122,131		112,064	
Reactive maintenance costs	271,557		-		271,557		250,906	
Bad Debts - rents and service charges	28,966		-		28,966		17,292	
Depreciation of affordable let properties	1,194,696		10,665		1,205,361		1,133,910	
Operating costs of affordable letting activities	2,622,905		34,623		2,657,528		2,419,442	
Operating surplus on affordable letting activities	614,822		3,917		618,739		724,163	
2018			706,109		18,054			

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 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) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£
Income from Subsidiary	-	-	28,342	28,342	-	28,342	19,343
Factoring	-	-	1,776	1,776	607	1,169	-
Administration allowance for Stage 3 grants	4,429	-	-	4,429	-	4,429	2,900
Agency or management services	-	41,160	-	41,160	42,840	(1,680)	19,775
Other activities	-	-	960	960	-	960	929
Solar panel tariffs	-	-	15,342	15,342	-	15,342	16,512
Total From Other Activities	4,429	41,160	46,420	92,009	43,447	48,562	59,459
2018	22,243	52,955	17,441	92,639	33,180	59,459	

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

2019	2018
£	£
64,605	58,313
5,693	4,825
64,605	58,313
139,185	70,012

The emoluments paid to key management personnel (disclosed above) has increased between the 2018 and 2019 reporting years due to there being an additional member of staff defined as "Key Management Personnel" in 2018/19.

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	1	1

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2019	2018
No.	No.
12	12
15	15
£	£
485,399	447,689
46,812	34,357
40,503	35,855
32,170	-
604,884	517,901

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	48,831	-
Cost of Sales	34,077	-
Gain On Sale Of Housing Stock	<u>14,754</u>	<u>-</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	363,655	359,899
On Other Loans	90	-
	<u>363,745</u>	<u>359,899</u>

9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,218,794	1,147,703
Auditors' Remuneration - Audit Services	8,520	8,280
Operating Lease Rentals - Other	-	900
Gain on sale of fixed assets	<u>(14,754)</u>	<u>-</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

	2019	2018
	£	£
Unwinding of Discounted Liabilities	<u>9,600</u>	<u>3,092</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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 £
COST				
As at 1 April 2018	49,469,895	3,215,540	760,086	53,445,521
Additions	284,040	2,521,171	-	2,805,211
Disposals	(88,547)	-	(56,717)	(145,264)
Transfers	71,581	-	(71,581)	-
Schemes Completed	4,278,206	(4,278,206)	-	-
As at 31 March 2019	<u>54,015,175</u>	<u>1,458,505</u>	<u>631,788</u>	<u>56,105,468</u>
DEPRECIATION				
As at 1 April 2018	13,127,313	-	288,324	13,415,637
Charge for Year	1,194,696	-	10,865	1,205,561
Transfers	28,817	-	(28,817)	-
Disposals	(88,547)	-	(22,640)	(111,187)
As at 31 March 2019	<u>14,262,279</u>	<u>-</u>	<u>247,732</u>	<u>14,510,011</u>
NET BOOK VALUE				
As at 31 March 2019	<u>39,752,896</u>	<u>1,458,505</u>	<u>384,056</u>	<u>41,595,457</u>
As at 31 March 2018	<u>36,342,582</u>	<u>3,215,540</u>	<u>471,762</u>	<u>40,029,884</u>

Additions to housing properties include capitalised development administration costs of Nil (2018 - Nil) and capitalised major repair costs to existing properties of £190,290 (2018 - £461,106).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £677,728 (2018 - £573,170). The amount capitalised is £190,290 (2018 - £461,106) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £190,290 (2018 - £461,106) and improvement of Nil (2018 - Nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £19,318,284 (2018 - £19,662,429).

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Motor Vehicle £	Total £
COST				
As at 1 April 2018	292,011	55,437	11,720	359,168
Additions	169,247	5,975	-	175,222
As at 31 March 2019	461,258	61,412	11,720	534,390
AGGREGATE DEPRECIATION				
As at 1 April 2018	70,287	39,290	8,790	118,367
Charge for year	4,920	5,383	2,930	13,233
As at 31 March 2019	75,207	44,673	11,720	131,600
NET BOOK VALUE				
As at 31 March 2019	386,051	16,739	-	402,790
As at 31 March 2018	221,724	16,147	2,930	240,801

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	1,107,977	1,698,932

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

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	1,521	1,296
Later than one year and not later than five years	3,732	4,860

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Arrears of Rent & Service Charges	133,980	123,702
Less: Provision for Doubtful Debts	<u>(57,600)</u>	<u>(46,752)</u>
	76,380	76,950
Social Housing Grant Receivable	401,705	676,377
Other Receivables	77,858	42,271
Amounts Due from Group Undertakings	<u>26,114</u>	<u>14,860</u>
	<u>582,057</u>	<u>810,458</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	245,449	228,494
Derivative Financial Instruments	39,000	23,084
Trade Payables	477	800,977
Rent Received in Advance	90,718	92,090
HAG creditor	185,324	162,161
Other Loans	90,000	80,400
Other Payables	19,270	60,256
Accruals and Deferred Income	<u>516,364</u>	<u>342,244</u>
	<u>1,186,602</u>	<u>1,789,706</u>

At the balance sheet date there were pension contributions outstanding of £5,482 (2018 - £5,140).

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2019 £	2018 £
Derivative Financial Instruments	214,202	269,239
Housing Loans	10,221,980	9,014,951
	10,436,182	9,284,190
Housing Loans		
Amounts due within one year	245,449	228,494
Amounts due in one year or more but less than two years	303,018	196,628
Amounts due in two years or more but less than five years	729,001	709,166
Amounts due in more than five years	9,189,961	8,109,157
	10,467,429	9,243,445
Less: Amount shown in Current Liabilities	245,449	228,494
	10,221,980	9,014,951
Derivative Financial Instruments		
Amounts due within one year	39,000	23,084
Amounts due in two years or more but less than five years	214,202	269,239
	253,202	292,323
Less: Amount shown in Current Liabilities	39,000	23,084
	214,202	269,239

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	4.3%	2029	Variable
Nationwide BS	Standard security over 6 properties	3.8%	2027	Variable
Nationwide BS	Standard security over 15 properties	3.8%	2028	Variable
Nationwide BS	Standard security over 9 properties	1.3%	2032	Variable
Nationwide BS	Standard security over 8 properties	3.8%	2028	Variable
Nationwide BS	Standard security over 10 properties	3.9%	2024	Variable
Nationwide BS	Standard security over 8 properties	3.8%	2028	Variable
Nationwide BS	Standard security over 23 properties	1.3%	2034	Variable
Nationwide BS	Standard security over 24 properties	1.2%	2037	Variable
Nationwide BS	Standard security over 20 properties	2.1%	2039	Variable
Bank of Scotland	Standard security over 1 properties	6.2%	2025	Fixed
Bank of Scotland	Standard security over 6 properties	1.3%	2033	Variable
Bank of Scotland	Standard security over 4 properties	1.3%	2033	Variable
Bank of Scotland	Standard security over 21 properties	4.1%	2033	Fixed
Bank of Scotland	Standard security over 9 properties	4.1%	2032	Fixed
Bank of Scotland	Standard security over 31 properties	5.0%	2027	Fixed
Bank of Scotland	Standard security over 9 properties	3.6%	2027	Variable
Bank of Scotland	Standard security over 15 properties	3.6%	2027	Variable
Royal Bank of Scotland	Standard security over 30 properties	7.5%	2029	Fixed
Royal Bank of Scotland	Standard security over 33 properties	5.1%	2040	Fixed
Royal Bank of Scotland	Standard security over 33 properties	7.6%	2040	Fixed
Royal Bank of Scotland	Standard security over 11 properties	2.2%	2040	Variable
Royal Bank of Scotland	Standard security over 16 properties	2.7%	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 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

<i>Reconciliation of surplus for the year to net cash inflow from operating activities</i>	2019	2018
	£	£
Surplus for the year	340,240	570,990
Depreciation	1,252,871	1,147,703
Gain on disposal	(14,754)	-
Amortisation of Capital Grants	(622,537)	(748,939)
Change in debtors	(46,271)	(41,283)
Change in creditors	(682,078)	21,338
Unwinding of discount on financial instrument	(9,600)	(3,092)
Transfer of interest to financial activities	383,328	513,036
Movement in fair value of financial instrument	(39,121)	(150,202)
Change in loan to subsidiary	(17,000)	(13,213)
Share Capital Written Off	(20)	(13)
Net cash inflow from operating activities	<u>333,086</u>	<u>1,296,325</u>

Reconciliation of net cash flow to movement in net debt

	2019	2018
	£	£
(Decrease) / increase in cash	(418,153)	262,844
Cashflow from change in net debt	<u>(1,223,984)</u>	<u>266,512</u>
Movement in net debt during the year	(1,642,137)	529,356
Net debt at 1st April 2018	(7,994,637)	(8,523,993)
Net debt at 31 March 2019	<u>(9,636,774)</u>	<u>(7,994,637)</u>

Analysis of changes in net debt

	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	1,248,808	(418,153)	-	830,655
Liquid resources	1,248,808	(418,153)	-	830,655
Debt: Due within one year	(228,494)	(276,016)	259,061	(245,449)
Due after more than one year	(9,014,951)	(947,960)	(259,061)	(10,221,980)
Net Debt	<u>(7,994,637)</u>	<u>(1,642,137)</u>	-	<u>(9,636,774)</u>

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
As at 1 April 2018	32,227,969	2,961,166	492,552	35,681,687
Additions in the year	-	1,006,424	-	1,006,424
Eliminated on disposal of components and property Transferred	2,860,449	(2,808,061)	(42,895)	(42,895)
As at 31 March 2019	34,331,096	1,159,529	397,269	35,887,894
Amortisation				
As at 1 April 2018	10,336,822	-	235,074	10,571,896
Eliminated on disposal	-	-	(19,733)	(19,733)
Amortisation in year	757,322	-	8,933	766,255
As at 31 March 2019	11,118,591	-	199,827	11,318,418
Net book value				
As at 31 March 2019	23,969,827	1,159,529	197,442	25,326,798
As at 31 March 2018	21,891,147	2,961,166	257,478	25,109,791
Other Grants				
As at 1 April 2018	1,477,110	-	18,108	1,495,218
Additions in the year	-	-	-	-
As at 31 March 2019	1,477,110	-	18,108	1,495,218
Amortisation				
As at 1 April 2018	330,587	-	6,157	336,744
Amortisation in year	32,879	-	241	33,120
As at 31 March 2019	363,466	-	6,398	369,864
Net book value				
As at 31 March 2019	1,113,644	-	11,710	1,125,354
As at 31 March 2018	1,146,523	-	11,951	1,158,474
Total grants net book value as at 31 March 2019	25,083,471	1,159,529	209,152	26,452,152
Total grants net book value as at 31 March 2018	23,037,670	2,961,166	269,429	26,268,265

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

	2019 £	2018 £
Amounts due within one year	799,375	748,939
Amounts due in one year or more	25,652,777	25,519,326
	26,452,152	26,268,265

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	272	284
Issued in year	5	1
Cancelled in year	(20)	(13)
As at 31 March 2019	257	272

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.

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs - Built by Association	594	557
General Needs - Purchased by Association	13	13
Shared Ownership	15	18
	<u>622</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.

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:

	2019 £	2018 £
Rent received from tenants on the Board of Management and their close family members	<u>21,404</u>	<u>20,450</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £836 (2018 - £317).

Members of the Board of Management who are tenants	4	5
Members of the Board of Management who are local authority employees	1	1

RURAL STIRLING HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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 £2,324 (2018 - £3,544) 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

	2019	2018
	£	£
Opening Fair Value of Derivative Financial Instruments	292,323	442,525
Change in Fair Value of Derivative Financial Instruments	(39,121)	(150,202)
Closing Fair Value of Derivative Financial Instruments	<u>253,202</u>	<u>292,323</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 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. INVESTMENTS

Investments in Subsidiaries	2019 £	2018 £
Cost		
As at 1 April and 31 March	1	1
NBV		
As at 31 March	1	1
As at 1 April	1	1

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.

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.

During the year, Rural Stirling Housing Association Limited recharged staff costs and overheads to Venachar Limited, amounting to £9,462 (2018 - £9,215) and charged lease rentals totalling £18,380 (2018 - £9,628). At the year end the balance due from Venachar Limited to Rural Stirling Housing Association Limited was £ 26,114 (2018 - £14,860).

The aggregate amount of capital and reserves and the results of Venachar Limited for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & Reserves	(1,360)	2,497
Deficit for the year	(3,858)	(942)