RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2011

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Report and Financial Statements
For the year ended 31 March 2011

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Registration information

Financial Services Authority	Industrial and Provident Societies 1965 Registered number 2029RS
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered number 176
Scottish Charity Number	SC 041992

Officers and Professional Advisers

Director

Dave Anderson

Chairperson of Committee

Geraldine Baird

Vice-Chairperson

Jean Stewart

Secretary

Julie Annan

Treasurer

Robert McLeary

Committee Members

Nora Dillon
Jean Gow
Karen McCartney
Mary Ellen McKeown
Edith Mina
Joe Cusker
Christine McPhail
Jack Thompson
Evelyn Thompson
Mary Dillon
Gary Gow

Registered Office

Aspire Business Centre
16 Farmeloan Road
Rutherglen
Glasgow
G73 1DL

Auditors

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Bankers

Bank of Scotland
82 Main Street
Rutherglen
Glasgow
G73 2HZ

Solicitors

Hart Smith & Company
43 Crow Road
Glasgow
G11 7SH

T C Young & Son
7 West George Street
Glasgow
G2 1BA

Kelly & Co
184 Abercromby Street
Glasgow
G40 2RZ

Report of the Management Committee
For the year ended 31 March 2011

The Management Committee has pleasure in presenting its report together with the audited accounts for the year ended 31 March 2011.

Review of Business

The year to 31st March 2011 saw a net loss in the Association's general needs housing stock from 817 to 814 properties. This reflects the lack of investment available to the Association to develop new homes for rent as public expenditure and subsidy levels are cut. Demand for our properties remains high with 859 people or households on our waiting list but, with 36 re-lets during the year, we will never be in a position to meet this demand without a substantial injection of public funding to enable us to develop new homes.

The new addition to our stock during the year was as a result of a Mortgage to Rent purchase. The completion of the Cathkin Ahead regeneration project also included the sale of 7 properties through the Government's NESSE (new supply shared equity) scheme. To counter the increase in our stock we lost 4 properties through the right to buy and there was also one shared ownership disposal.

During the year the Association moved into new offices in the Aspire Business Centre which is owned by our subsidiary, the Aspire Community Development Company Limited. The Association had outgrown its old office and our new premises will give us the opportunity to improve the service to our tenants and to provide a valuable resource to the community as a whole by utilising the additional meeting and training space.

Our cyclical and planned maintenance programme during the year saw expenditure of almost £280,000 on our housing stock which is a substantial reduction to that spent in recent years. This reflects a lull in our planned maintenance programme which will continue until 2014/15 when we will see expenditure peak again.

The Associations performance in effectively managing its stock continues to be excellent. Our overall arrears figure during the year reduced to 1.42% from 1.89% last year and our rental loss through voids and bad debts was 0.07%.

The gross surplus for the year on ordinary activities was £419,695 and this will add to our revenue reserve which will ensure that we will have sufficient resources in the future to invest in our stock. The Association achieved charitable status during the year and this means that, in the future, we will not be taxed on surpluses and we will therefore have additional resources to invest in our properties.

Statement of Management Committee's Responsibilities

Housing Association legislation requires the committee 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 income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee are 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association.

The committee is 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.

Report of the Management Committee
For the year ended 31 March 2011

Internal Financial Controls

The Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of control that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

1. the reliability of financial information used within the Association for publication;

2. the maintenance of proper accounting records and;

3. the safeguarding of assets against unauthorised use or disposition.

It is the Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. The key elements in place are:

1. formal policies and procedures to restrict the unauthorised use of the Association's assets;
2. experienced and suitably qualified staff take responsibility for important business functions;
3. forecasts and budgets are prepared which allow the Committee and Management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
4. quarterly management accounts are prepared and significant variances from budgets are investigated as appropriate;
5. all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub committees comprising of Committee Members;
6. the appointment by the Committee of internal auditors to carry out a review of each department;
7. the Management Committee reviews reports from management, internal and external auditors to provide reasonable assurance that the control procedures in place are being followed.

The Management Committee has reviewed the effectiveness of the system of internal controls in existence in the Association for the year ended 31 March 2011. No weaknesses were found in the internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements.

Related Party Transactions

Six members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Auditors

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants as auditors will be put to the members at the annual general meeting.

Approved by the Management Committee and signed on their behalf on 20 September 2011 by:

Julie Annan
Secretary

Report of the Independent Auditors
To the members of Rutherglen and Cambuslang Housing Association Limited

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2011 which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

This report is made solely to the Association's members as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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.

Respective responsibilities of committee and auditors

As explained more fully in the Management Committee Responsibilities statement set out on page 2, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices' Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Management Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

We agree with the opinion of the Committee of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association’s subsidiary in group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2011, because of the immaterial nature of the subsidiary’s transactions in the year.

Report of the Independent Auditors
To the members of Rutherglen and Cambuslang Housing Association Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Landlords issued in 2008;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 20 September 2011

Report of the Auditors to the Management Committee of Rutherglen and Cambuslang Housing Association Limited on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your Statement in the Report of the Management Committee concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

In our opinion, your statement on internal financial control in the Report of the Management Committee has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Dated: 20 September 2011

Income and Expenditure Account
For the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2	2,728,907	2,798,907
Less: Operating costs	2	(2,007,520)	(2,172,024)
Operating surplus	2	721,387	626,883
Profit on disposal of fixed assets		139,222	5,214
Interest receivable and other income	5	903	2,635
Interest payable and similar charges	6	(308,472)	(324,058)
Surplus on ordinary activities before taxation		553,040	310,674
Tax on ordinary activities	7	(133,345)	(148,228)
Surplus for the year		419,695	162,446

The results for the year relate wholly to continuing activities.

The Association has no recognised gains and losses other than those included in the surplus above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the surplus on ordinary activities for the year and the retained surplus for the year stated above and their historical cost equivalents.

Balance Sheet
As at 31 March 2011

	Note	2011 £	2010 £
Tangible fixed assets			
Housing properties – depreciated cost	8	44,109,869	44,172,190
Less: HAG and development grants	8	(32,582,948)	(32,468,406)
		11,526,921	11,703,784
Other fixed assets	8	171,497	156,752
		11,698,418	11,860,536
Investments			
Investment in subsidiary	9	100	100
		11,698,518	11,860,636
Current assets			
Debtors	10	1,280,831	1,197,590
Stock	11	-	-
Cash at bank and in hand		642,207	677,637
Loan to subsidiary		305,000	305,000
		2,228,038	2,180,227
Creditors: amounts falling due within one year	12	(2,518,513)	(2,648,367)
Net current (liabilities)		(290,475)	(468,140)
Total assets less current liabilities		11,408,043	11,392,496
Creditors: amounts falling due after more than one year	13	(9,840,160)	(10,245,082)
Provision for liabilities	14	(748)	-
Total net assets		1,567,135	1,147,414
Capital and reserves			
Share capital	15	227	201
Revenue reserve	17	1,366,908	947,213
Designated reserve	16	200,000	200,000
		1,567,135	1,147,414

The financial statements were authorised for issue by the Management Committee on 20 September 2011 and are signed on their behalf by:

Julie Annan Secretary

Jean Stewart Vice-Chairperson

Robert McLeary Treasurer

The notes form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	785,262	901,460
Returns on investments and servicing of finance	2	(307,569)	(321,423)
Taxation		(152,641)	(100,557)
Capital expenditure	2	42,414	24,068
		367,466	503,548
Financing	2	(402,896)	(376,865)
(Decrease)/Increase in cash	4	(35,430)	126,683

Notes to the Cash Flow Statement
For the year ended 31 March 2011

1) Reconciliation of Surplus for Year to Net Cash Inflow from Operating Activities

	2011 £	2010 £
Operating surplus	721,387	626,883
Depreciation	258,926	252,865
(Increase)/Decrease in debtors	(81,358)	285,467
(Decrease) in creditors	(111,810)	(241,147)
(Increase) in amount due from subsidiary	(1,883)	(22,608)
	785,262	901,460

2) Gross Cash Flows

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	903	2,635
Interest paid	(308,472)	(324,058)
	(307,569)	(321,423)
Capital expenditure		
Purchase and development of housing properties	(241,713)	(37,504)
Capital grants received	123,149	27,929
Sale of properties	205,721	88,489
Payments to acquire other tangible fixed assets	(36,136)	(15,152)
Grants repaid	(8,607)	(39,694)
	42,414	24,068
Financing		
Forfeit of share capital	-	(1)
Shares issued	26	22
Loans repaid	(402,922)	(1,837,962)
Loans drawdown	-	1,461,076
	(402,896)	(376,865)

Notes to the Cash Flow Statement
For the year ended 31 March 2011

		At 31 March 2010 £	Cash Flow £	Other Changes £	At 31 March 2011 £
3)	**Analysis of changes in net debt**				
	Cash in hand, at bank	677,637	(35,430)	-	642,207
	Debt due within 1 year	(501,891)	(2,000)	-	(503,891)
	Debt due after 1 year	(10,245,082)	404,922	-	(9,840,160)
		(10,069,336)	367,492	-	(9,701,844)

		2011 £	2010 £
4)	**Reconciliation of net cash flow to movement in net debt (Note 3)**		
	(Decrease)/increase for the year	(35,430)	126,683
	Cash used to repay loans	402,922	1,837,962
	Loans received	-	(1,461,076)
	Change in net debt	367,492	503,569
	Net debt at 1 April 2010	(10,069,336)	(10,572,905)
	Net debt at 31 March 2011	(9,701,844)	(10,069,336)

Notes to the Financial Statements
For the year ended 31 March 2011

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (l) below.

These financial statements are prepared under the historical cost convention in accordance with applicable accounting standards, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

(b) Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2012. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Government. Also included is any income from first tranche shared ownership disposals.

(d) Loans

Mortgage loans are advanced by Private Lenders or the Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments that have been given approval by the Scottish Government.

(e) Social housing grant (SHG)

Social Housing Grant, at amounts approved by the Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following sale of property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.

Notes to the Financial Statements
For the year ended 31 March 2011

1. **Accounting policies** (continued)

(f) Fixed assets - Housing properties

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings;

2. Cost of construction;

3. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

(g) Depreciation

1. Housing properties

Housing properties at cost, less grants received, less land, are depreciated over their expected useful lives of 50 years.

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Furniture, Fittings & Equipment	- 20% to 33% on cost
Office and Commercial Property	- 2% on cost

A full year's depreciation is charged in the year of purchase.

` No charge is made in the year of disposal.

Notes to the Financial Statements
For the year ended 31 March 2011

1. Accounting policies (continued)

(h) Designated Reserves (Note 16)

1. **Major Repairs**

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to General Reserves as appropriate.

(i) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(j) Pensions (Note 22)

The Association contributes to a defined benefit scheme, the cost of which is written off to the Income and Expenditure Account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

(k) Financial Commitments

Assets held under finance leases where substantially all the risks and rewards of ownership of the asset have passed to the Association, and hire purchase contracts are capitalised in the Balance Sheet and are depreciated in the Income and Expenditure Account over the period of their useful lives.

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

(l) Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Services Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not of the group.

Notes to the Financial Statements
For the year ended 31 March 2011

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2011 Turnover	2011 Operating Costs	2011 Operating Surplus	2010 Turnover	2010 Operating Costs	2010 Operating Surplus
	£	£	£	£	£	£
Income and Expenditure From lettings						
Social Lettings (Note 3)	2,685,024	(1,973,687)	711,337	2,629,722	(2,006,829)	622,893
Other activities (Note 4)	43,883	(33,833)	10,050	169,185	(165,195)	3,990
	2,728,907	(2,007,520)	721,387	2,798,907	(2,172,024)	626,883

Notes to the financial statements
For the year ended 31 March 2011

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2011 Total £	2010 Total £
Income from rent and service charges					
Rent receivable net of service charges	2,573,871	45,960	23,751	2,643,582	2,588,954
Service charges	43,416	-	-	43,416	43,987
Gross income from rents and service charges	2,617,287	45,960	23,751	2,686,998	2,632,941
Less voids	(1,974)	-	-	(1,974)	(3,219)
Net income from rents and service charges	2,615,313	45,960	23,751	2,685,024	2,629,722
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	2,615,313	45,960	23,751	2,685,024	2,629,722
Expenditure					
Management and maintenance administration costs	(1,006,843)	(45,960)	(22,112)	(1,074,915)	(933,351)
Service charges	(43,416)	-	-	(43,416)	(43,987)
Planned cyclical maintenance including major repairs	(279,498)	-	-	(279,498)	(332,529)
Reactive maintenance costs	(295,732)	-	-	(295,732)	(411,030)
Ground maintenance	(39,534)	-	-	(39,534)	(42,857)
Bad debts – rents and service charges	(3,057)	-	-	(3,057)	(6,451)
Depreciation of social housing	(235,896)	-	(1,639)	(237,535)	(236,624)
Operating costs for social letting activities	(1,903,976)	(45,960)	(23,751)	(1,973,687)	(2,006,829)
Operating Surplus on letting activities, 2011	711,337	-	-	711,337	
Operating Surplus on letting activities, 2010	622,893	-	-		622,893

Notes to the financial statements for the year ended 31 March 2011

4. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover 2011 £	Operating costs 2011 £	Surplus/ (Deficit) 2011 £	Total Turnover 2010 £	Operating costs 2010 £	Surplus/ (Deficit) 2010 £
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	21,996	21,996	(11,946)	10,050	19,604	(12,701)	6,903
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	21,887	21,887	(21,887)	-	22,452	(22,452)	-
Development and construction of property activities	-	-	-	-	-	-	-	-	(2,771)	(2,771)
Supporting people	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-		-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	2,080	(2,080)	-
Developments for sale to RSLs and non RSLs	-	-	-	-	-	-	-	-	-	-
Nursery Grant received on behalf of Aspire and then paid out to Aspire	-	-	-	-	-	-	-	92,422	(92,422)	-
LIFT Allowances	-	-	-	-	-	-	-	32,627	(32,627)	-
Other activities	-	-	-	-	-	-	-	-	(142)	(142)
Total from other activities- 2011	-	-	-	43,883	43,883	(33,833)	10,050			
Total from other activities- 2010	92,422	32,627	-	44,136				169,185	(165,195)	3,990

\# Undertaken to support the community, other than the provision, construction, improvement and management of housing

Notes to the Financial Statements
For the year ended 31 March 2011

5.	Interest Receivable and Other Income	2011 £	2010 £
	Interest receivable on deposits	903	2,635

6.	Interest payable and similar charges	2011 £	2010 £
	Loan interest	308,472	324,058

7.	Taxation	2011 £	2010 £
	UK corporation tax – current year	132,306	148,228
	Under provision for tax in prior year	291	-
	Deferred tax (Note 14)	748	-
		133,345	148,228

The Association became a registered charity on 23 December 2010 and from this point, the surplus generated from its charitable activities is not subject to corporation tax. The surplus generated prior to 23 December 2010 was subject to corporation tax.

Notes to the Financial Statements
For the year ended 31 March 2011

8. Tangible Fixed Assets

	Housing Properties Held for Letting	Shared Ownership Properties	Land Held for Housing Development	Office and Commercial Property	Investment Property	Leasehold improve-ments	Furniture Fittings & Equipment	Total
Cost	£	£	£	£	£	£	£	£
At 31 March 2010	45,156,113	359,710	353,715	153,790	-	-	151,357	46,174,685
Additions	241,713	-	-	-	-	481	35,655	277,849
Transferred to investment property	-	-	-	(153,790)	138,415	-	-	(15,375)
Disposals	(50,980)	(24,593)	-	-	-	-	-	(75,573)
At 31 March 2011	45,346,846	335,117	353,715	-	138,415	481	187,012	46,361,586
HAG and Other Grants								
At 31 March 2010	32,258,938	131,071	78,397	-	-	-	-	32,468,406
Received during year	123,149	-	-	-	-	-	-	123,149
Remitted and eliminated on disposals	-	(8,607)	-	-	-	-	-	(8,607)
At 31 March 2011	32,382,087	122,464	78,397	-	-	-	-	32,582,948
Depreciation								
At 31 March 2010	1,662,083	35,265	-	12,300	-	-	136,095	1,845,743
Charge for year	235,792	1,743	-	3,075	-	-	18,316	258,926
Transferred to investment property	-	-	-	(15,375)	-	-	-	(15,375)
On disposals	(9,074)	-	-	-	-	-	-	(9,074)
At 31 March 2011	1,888,801	37,008	-	-	-	-	154,411	2,080,220
Net Book Value								
At 31 March 2011	11,075,958	175,645	275,318	-	138,415	481	32,601	11,698,418
At 31 March 2010	11,235,092	193,374	275,318	141,490	-	-	15,262	11,860,536

Development administration costs capitalised amounted to £31,661 (2010- £nil) for which Social Housing Grants amounting to £nil (2010: nil) were received in the year.

Notes to the Financial Statements
For the year ended 31 March 2011

9. Investment in Subsidiary Company

	2011	2010
	£	£
Shares in subsidiary company	100	100

Aspire Community Development Company Limited is a wholly owned subsidiary which was incorporated in Great Britain on 27 August 1999 and is registered in Scotland.

The 2010 subsidiary company accounts show a net asset position of £263,447 and a deficit for the year of £223,736. These are still to be signed. The audited accounts to 31 March 2011 are not yet available.

10. Debtors

	2011	2010
	£	£
Rental arrears	38,082	49,611
Less: Provision for bad and doubtful debts	-	-
	38,082	49,611
Receivable from participant owners	251,246	251,246
Less: Provision for bad and doubtful debts	(11,425)	(11,425)
	239,821	239,821
Amounts owed by subsidiary	203,703	201,820
Factoring arrears	127,028	156,130
Prepayments	205,368	55,428
Grant receivable under Section 54 of the Housing Act 1988	203,620	203,620
Housing Association Grant receivable	52,415	80,366
Scottish Government – Homestake	121,984	121,984
Scottish Government – HAG	88,810	88,810
	1,280,831	1,197,590

11. Stock

	2011	2010
	£	£
LIFT - Cost	1,013,214	1,052,525
LIFT - HAG	(1,013,214)	(1,052,525)
	-	-

12. Creditors: amounts falling due within one year

	2011	2010
	£	£
Housing Loans (note 13)	503,891	501,891
Accruals	149,019	176,309
Deferred income	77,500	77,500
Other taxation and social security	-	13,199
Other creditors	305,349	385,277
Corporation tax	132,306	152,350
Scottish Government – Homestake	44,969	44,969
Scottish Government –Current Account	299,176	299,176
Housing Association Grant repayable	1,006,303	997,696
	2,518,513	2,648,367

Notes to the Financial Statements
For the year ended 31 March 2011

13. Creditors: amounts falling due outwith one year

	2011 £	2010 £
Loans:		
Due between one and two years	507,792	501,891
Due between two and five years	1,550,986	1,505,673
Due in five years or more	7,781,382	8,237,518
	9,840,160	10,245,082

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.

14. Provision for liabilities

	2011 £	2010 £
Deferred tax:		
At start of year	-	-
Fixed asset timing differences	2,494	-
Other short term timing differences	(1,746)	-
At end of year	748	-

15. Share Capital

	2011 £	2010 £
At beginning of year	201	180
Shares of £1 each fully paid and issued during the year	26	22
Shares forfeited in year	-	(1)
At end of year	227	201

16. Designated Reserve

	2011 £	2010 £
Major Repairs		
At beginning of year	200,000	-
Transfer from revenue reserve (note 17)	-	200,000
At end of year	200,000	200,000

17. Revenue Reserves

	2011 £	2010 £
At 31 March 2010	947,213	984,767
Surplus for the year	419,695	162,446
	1,366,908	1,147,213
Transfer (to) designated reserves (note 16)	-	(200,000)
At 31 March 2011	1,366,908	947,213

Notes to the Financial Statements
For the year ended 31 March 2011

18. Directors' emoluments

The directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. There was no director whose total emoluments excluding pension contributions exceeded £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

	2011 £	2010 £
Emoluments (excluding pension Contributions) of Director	53,374	52,200

	2011 £	2010 £
Total management committee and director and staff expenses reimbursed in so far as not chargeable to income tax	8,830	9,105

The Director is a member of the Association's pension scheme described in note 22. The Director's pension contribution in the year to 31 March 2011 was £8,220 (2010: £8,038)

19. Employee Information

	2011 No	2010 No
The full time equivalent number of employees employed during the year was:	18	18

	2011 £	2010 £
Staff costs (including Director's Emoluments):		
Wages and salaries	559,773	549,728
Social security costs	44,776	45,300
Pension costs (note 22)	76,578	71,861
	681,127	666,889

20. Operating Surplus

	2011 £	2010 £
Operating surplus is stated after charging:		
Depreciation	258,926	252,865
Auditors' remuneration (including VAT)		
- In their capacity as auditors	10,000	12,000
- In respect of other services	2,500	4,500

Notes to the Financial Statements
For the year ended 31 March 2011

21. Capital Commitments

	2011 £	2010 £
Contracted but not provided	-	-
To be funded by:		
Grants from the Scottish Government	-	-
Private Finance	-	-
Association' own reserves	-	-
Private Owners	-	-
Contracted but not provided	-	-

22. Pensions

Rutherglen and Cambuslang Housing Association Limited participates in the Scottish Housing Association Pension Scheme (formerly called the SFHA Pension Scheme) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Rutherglen and Cambuslang Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2009.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, Rutherglen and Cambuslang Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 13 active members of the Scheme employed by Rutherglen and Cambuslang Housing Association Limited. Rutherglen and Cambuslang Housing Association Limited continues to offer membership of the Scheme to its employees.

Notes to the Financial Statements
For the year ended 31 March 2011

22. Pensions (continued)

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employer. As the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162million, equivalent to a past service funding level of 67.4%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2009.

Financial Assumptions

The financial assumptions underlying the valuation were as follows:-	**% pa**
- Investment return pre retirement	7.4
- Investment return post retirement – non-pensioners	4.6
- Investment return post retirement – pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
Pension accrued pre 6 April 2005	2.9
Pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	3.0

Valuation results

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions.

	Males Assumed life expectancy In years at age 65	Females Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

22. Pensions (continued)

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4
Additional rate for deficit contributions	10.4

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt would be due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for the Association was £3,208,207.

The Association does not intend to withdraw from the scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

23. Housing Stock

The number of units of housing accommodation available for let at 31 March 2011 was:

	Units in management	
	2011	**2010**
General Needs Housing	814	817
Supported Housing Accommodation	4	4
	818	821
Shared ownership Accommodation	13	14
	831	835

Notes to the Financial Statements
For the year ended 31 March 2011

24. Commercial Units

The number of commercial units available for let at 31 March 2011 was:

	Units in management 2011	2010
Lock ups	35	35
Shops	3	3
	38	38

25. Operating Lease Commitments

	2011		2010	
	Land and Buildings £	Office Equipment £	Land and Buildings £	Office Equipment £
Operating leases which expire:				
Within one year	98,034	-	-	-
Within one to five years	-	13,238	-	8,958
Over five years	-	-	-	-
	98,034	13,238	-	8,958

26. Related Party Transactions

Aspire Community Development Company Limited

Aspire Community Development Company Limited ("Aspire") is a wholly owned subsidiary of Rutherglen and Cambuslang Housing Association Limited.

The Scottish Government paid £nil (2010: £92,422) to the Association in respect of a nursery project run by Aspire. The Association transferred the £92,422 over to Aspire during the previous year. This is shown in note 4 of the accounts.

During the year, rental charges of £71,200 (2010: £nil) were recharged by Aspire to the Association for the rent of office premises in respect of 2010/11. This was paid in the year. £98,034 was charged in respect of 2011/12. This was paid over to Aspire before the year end and the £98,034 is included within prepayments at the year end.

During the year, caretaker costs of £2,784 (2010: £1,000) were recharged by the Association to Aspire. Other sundry costs incurred by the Association amounted to £5,069 (2010: £1,608). These costs were recharged to Aspire in the year. £414 was paid over in respect of this. The remainder is included within amounts owed by subsidiary in debtors. £5,556 (2010: £nil) was recharged by Aspire to the Association in the year. This is included within amounts owed by subsidiary in debtors.

£nil (2010: £20,000) was transferred over to Aspire in the year. This is included within the amount outstanding at the year end.

At 31 March 2011 the balance owed by Aspire to the Association was a loan of £305,000 (2010: £305,000) and an intercompany debt of £203,703 (2010: £201,820).

27. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965.