

**RUTHERGLEN AND CAMBUSLANG
HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements
For the year ended 31 March 2013**

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2013

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Registration information

Financial Conduct Authority	Industrial and Provident Societies 1965 Registered number 2029RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 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

Auditor

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 2013**

The Management Committee has pleasure in presenting its report together with the audited accounts for the year ended 31 March 2013.

Review of Business

The year to 31 March 2013 saw another slight reduction in the Associations stock. This was not due to Right to Buy sales as in previous years but the sale of one of nine properties that the Association has identified as being below lettable standard and the options of carrying out repairs and improvements to these are limited due to their location in predominantly privately owned blocks. Receipts from those sales will part fund the Association's new build project in Overton Road, Halfway which started during the year. This will complete in December 2013 and will produce 27 new properties to let.

There was an increase in turnover of our properties with relets increasing to 60. There is still a high demand for our properties however with the numbers on our waiting list standing at 712 at the year end.

There are challenging times ahead for RSL's in the shape of welfare reform and the performance of the pension scheme. The Association invested some considerable time during the year to prepare for the impact of welfare reform through staff training and advice to tenants. The 'bedroom tax' and the introduction of universal credit will potentially have a major impact on our rental income and we have adjusted our long term financial projections to account for this. Similarly, increasing pension deficit contributions will impact on our business plan and these were also factored into our long term projections. Once these adjustments are made, however, the Association is still in a position to meet its long term management and maintenance responsibilities.

During the year we reviewed our relationship with our subsidiary, the Aspire Community Development Company Limited, and it was agreed that the office premises that we lease from the company should transfer into our ownership as this made financial sense for both organisations. The Association purchased the Aspire Business Centre in March and this is now reflected as an asset on our balance sheet and the Association will also receive rental income from this investment.

The Association continued its planned and cyclical maintenance programme which will ensure that all of our stock, with a handful of exemptions, will meet the Scottish Housing Quality Standard by 2015.

The Associations performance in effectively managing its stock continues to be excellent. Our overall arrears figure during the year was 2.36% and our rental loss through voids and bad debts was 0.35%.

Statement of the 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; and
- * 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 (cont'd)
For the year ended 31 March 2013

Internal Financial Controls

The Management 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 Management 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 2013. 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.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself / herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

Auditor

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

Approved by the Management Committee and signed on their behalf on 3 September 2013 by:

Julie Annan
Secretary



Report of the Independent Auditor 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 2013 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with Section 9 of the 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 the Management Committee and auditor

As explained more fully in the Statement of the Management Committee Responsibilities set out on page 2, the Management Committee is responsible for the preparation of the financial statements which 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 the 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 Management Committee 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 2013, because of the immaterial nature of the subsidiary's transactions in the year.

Report of the Independent Auditor 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 2013 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts, 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



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

Dated: 3 September 2013

Report of the Auditor 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: 3 September 2013

Income and Expenditure Account
For the year ended 31 March 2013

		2013	2012
	Note	£	£
Turnover	2	3,230,859	2,847,833
Less: Operating costs	2	(2,372,370)	(2,112,493)
Operating surplus	2	858,489	735,340
(Loss)/profit on disposal of fixed assets		(12,895)	20,781
Interest receivable and other income	5	488	754
Interest payable and similar charges	6	(390,704)	(340,792)
Surplus on ordinary activities before taxation		455,378	416,083
Tax on ordinary activities	7	-	748
Surplus for the year		455,378	416,831

The results for the year relate wholly to continuing activities.

Statement of Total Recognised Gains and Losses
For the year ended 31 March 2013

	2013 £	2012 £
Surplus for the year	455,378	416,831
Prior year adjustment	-	(1,431,842)
	<u>455,378</u>	<u>(1,015,011)</u>

Balance Sheet
As at 31 March 2013

		2013	2012
	Note	£	£
Tangible fixed assets			
Housing properties – depreciated cost	9	41,609,850	41,617,391
Less: HAG and development grants	9	(33,055,451)	(32,695,631)
		<u>8,554,399</u>	<u>8,921,760</u>
Other fixed assets	9	1,451,170	167,559
		<u>10,005,569</u>	<u>9,089,319</u>
Investments			
Investment in subsidiary	10	100	100
Fixed asset investments	12	-	-
		<u>10,005,669</u>	<u>9,089,419</u>
Current assets			
Cash at bank and in hand		1,533,554	417,099
Debtors (due within one year)	11	793,256	1,023,471
Stock	8	200,548	-
Loan to subsidiary (due after one year)		-	305,000
		<u>2,527,358</u>	<u>1,745,570</u>
Creditors: amounts falling due within one year	13	(2,542,861)	(824,090)
Net current (liabilities)/assets		<u>(15,503)</u>	<u>921,480</u>
Total assets less current assets/(liabilities)		<u>9,990,166</u>	<u>10,010,899</u>
Creditors: amounts falling due after more than one year	14	(8,982,617)	(9,458,758)
Provision for liabilities	15	-	-
Total net assets		<u><u>1,007,549</u></u>	<u><u>552,141</u></u>
Capital and reserves			
Share capital	16	274	244
Revenue reserve	18	807,275	351,897
Designated reserve	17	200,000	200,000
		<u><u>1,007,549</u></u>	<u><u>552,141</u></u>

The financial statements were authorised for issue by the Management Committee on 3 September 2013 and are signed on its behalf by:

Geraldine Baird

Geraldine Baird

Chairperson

Julie Annan

Julie Annan

Secretary

Robert McLeary

Robert McLeary

Treasurer

The notes form part of these financial statements.

[Signature]

Cash Flow Statement
For the year ended 31 March 2013

	Notes	2013	2012
		£	£
Net cash inflow from operating activities	1	3,535,333	(119,144)
Returns on investments and servicing of finance	2	(390,216)	(340,038)
Taxation		-	(132,306)
Capital expenditure	2	(1,554,104)	809,011
		<u>1,591,013</u>	<u>217,523</u>
Financing	2	(474,558)	(442,631)
Increase/(decrease) in cash	4	<u>1,116,455</u>	<u>(225,108)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2013

1) Reconciliation of Surplus for Year to Net Cash Inflow from Operating Activities	2013	2012
	£	£
Operating surplus	858,489	735,340
Depreciation	424,411	389,027
Decrease in debtors	47,973	440,548
Increase/(decrease) in creditors	1,056,008	(1,500,871)
Decrease/(increase) in amount due to/from subsidiary	1,148,452	(183,188)
	<u>3,535,333</u>	<u>(119,144)</u>
2) Gross Cash Flows	2013	2012
	£	£
Returns on investments and servicing of finance		
Interest received	488	754
Interest paid	(390,704)	(340,792)
	<u>(390,216)</u>	<u>(340,038)</u>
Capital expenditure		
Purchase and development of housing properties	(1,156,074)	(291,825)
Capital grants received	885,260	878,411
Sale of properties	18,775	249,593
Payments to acquire other tangible fixed assets	(1,302,065)	(17,748)
Grants repaid	-	(9,420)
	<u>(1,554,104)</u>	<u>809,011</u>
Financing		
Forfeit of share capital	(3)	(8)
Shares issued	33	25
Loans repaid	(474,588)	(442,648)
	<u>(474,558)</u>	<u>(442,631)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2013

	At 31 March 2012 £	Cash Flow £	Other Changes £	At 31 March 2013 £
3) Analysis of changes in net debt				
Cash in hand, at bank	417,099	1,116,455	-	1,533,554
Debt due within 1 year	(442,645)	-	(1,553)	(444,198)
Debt due after 1 year	(9,458,758)	474,588	1,553	(8,982,617)
	<u>(9,484,304)</u>	<u>1,591,043</u>	<u>-</u>	<u>(7,893,261)</u>
 4) Reconciliation of net cash flow to movement in net debt (Note 3)			2013 £	2012 £
Increase/(decrease) for the year			1,116,455	(225,108)
Cash used to repay loans			474,588	442,648
Change in net debt			<u>1,591,043</u>	<u>217,540</u>
Net debt at 1 April 2012			<u>(9,484,304)</u>	<u>(9,701,844)</u>
 Net debt at 31 March 2013			<u>(7,893,261)</u>	<u>(9,484,304)</u>

**Notes to the Financial Statements
For the year ended 31 March 2013**

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (c) 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 Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers 2010.

(b) Going concern

The Management Committee anticipate that a surplus will be generated in the years to 31 March 2014 and 31 March 2015. 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 the sale of property, but will normally be restricted to the net proceeds of sale.

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

Notes to the Financial Statements
For the year ended 31 March 2013

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; and
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 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 are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

- Land – not depreciated
- Structure – over 50 years
- Roof – over 50 years
- Bathrooms – over 20 years
- Windows – over 40 years
- Kitchens – over 15 years
- Heating systems and Boilers – over 15 years
- Doors – over 40 years
- Rewiring – over 40 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.

Notes to the Financial Statements
For the year ended 31 March 2013

(g) Depreciation (continued)

2. Other fixed assets (continued)

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.

3. Investment property

The investment property is held at market value and no depreciation is therefore charged.

(h) Designated Reserves (Note 16)

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 the Revenue Reserve 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 Scottish Housing Association Scheme ('SHAPS'), 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

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 Conduct Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not of the group.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2013

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2. Particulars of Turnover, Operating Costs and Operating Surplus

Income and Expenditure From lettings	2013			2012		
	Turnover £	Operating Costs £	Operating Surplus £	Turnover £	Operating Costs £	Operating Surplus £
Social Lettings (Note 3)	2,915,198	(2,327,269)	587,929	2,794,473	(2,075,796)	718,677
Other activities (Note 4)	315,661	(45,101)	270,560	53,360	(36,697)	16,663
	<u>3,230,859</u>	<u>(2,372,370)</u>	<u>858,489</u>	<u>2,847,833</u>	<u>(2,112,493)</u>	<u>735,340</u>

Notes to the financial statements
For the year ended 31 March 2013

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2013 Total £	2012 Total £
Income from rent and service charges					
Rent receivable net of service charges	2,798,279	50,109	25,866	2,874,254	2,756,022
Service charges	43,664	-	-	43,664	42,720
Gross income from rents and service charges	2,841,943	50,109	25,866	2,917,918	2,798,742
Less voids	(2,720)	-	-	(2,720)	(4,269)
Net income from rents and service charges	2,839,223	50,109	25,866	2,915,198	2,794,473
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	2,839,223	50,109	25,866	2,915,198	2,794,473
Expenditure					
Management and maintenance administration costs	(1,038,496)	(50,109)	(24,123)	(1,112,728)	(1,150,414)
Service charges	(43,664)	-	-	(43,664)	(42,720)
Planned cyclical maintenance including major repairs	(261,202)	-	-	(261,202)	(118,286)
Reactive maintenance costs	(469,524)	-	-	(469,524)	(356,104)
Ground maintenance	(26,614)	-	-	(26,614)	(35,842)
Bad debts – rents and service charges	(7,580)	-	-	(7,580)	(5,089)
Depreciation of social housing	(404,214)	-	(1,743)	(405,957)	(367,341)
Operating costs for social letting activities	(2,251,294)	(50,109)	(25,866)	(2,327,269)	(2,075,796)
Operating Surplus on letting activities, 2013	587,929	-	-	587,929	
Operating Surplus on letting activities, 2012	718,677	-	-		718,677

Included within planned cyclical maintenance are costs of £99,731 relating to major repairs.

Notes to the financial statements for the year ended 31 March 2013

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 2013 £	Operating costs 2013 £	Surplus 2013 £	Total Turnover 2012 £	Operating costs 2012 £	Surplus 2012 £
Wider role activities #	-	-	-	-	-	(6,147)	(6,147)	-	-	-
Commercial rent	-	-	-	22,523	22,523	(12,157)	10,366	22,114	(6,451)	15,663
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	22,349	22,349	(22,349)	-	30,246	(30,246)	-
Development and construction of property activities	269,789	-	-	-	269,789	-	269,789	-	-	-
Supporting people	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs and non RSLs	-	-	-	-	-	-	-	-	-	-
Management charge to subsidiary	-	-	-	1,000	1,000	-	1,000	1,000	-	1,000
Tenant Participation	-	-	-	-	-	(4,448)	(4,448)	-	-	-
Total from other activities- 2013	269,789	-	-	45,872	315,661	(45,101)	270,560			
Total from other activities- 2012	-	-	-	53,360				53,360	(36,697)	16,663

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 2013

5. Interest Receivable and Other Income	2013	2012
	£	£
Interest receivable on deposits	488	754
	<u> </u>	<u> </u>
6. Interest payable and similar charges	2013	2012
	£	£
Loan interest	390,704	340,792
	<u> </u>	<u> </u>
7. Taxation	2013	2012
	£	£
UK corporation tax – current year	-	-
Under provision for tax in prior year	-	-
Deferred tax (Note 15)	-	(748)
	<u> </u>	<u> </u>
	-	(748)
	<u> </u>	<u> </u>

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.

8. Stock	2013	2012
	£	£
Properties held for sale	200,548	-
	<u> </u>	<u> </u>
	200,548	-
	<u> </u>	<u> </u>

During the year, the Association gained permission from the Scottish Housing Regulator to sell 9 housing units. These units were thus transferred from fixed assets to stock. One unit with a net book value of £31,671 was sold in the year for £18,776.

Notes to the Financial Statements
For the year ended 31 March 2013

9. Tangible Fixed Assets

	Housing Properties Held for Letting	Shared Ownership Properties	Housing under the course of construction	Office premises	Investment Property	Leasehold improvements	Furniture Fittings & Equipment	Total
Cost	£	£	£	£	£	£	£	£
As at 1 April 2012	45,312,233	309,339	502,264	-	138,415	481	204,760	46,467,492
Additions	263,537	-	892,537	525,000	775,000	-	2,065	2,458,139
Transfer to Stock	(495,009)	-	-	-	-	-	-	(495,009)
Disposals	(501,611)	-	-	-	-	-	-	(501,611)
At 31 March 2013	44,579,150	309,339	1,394,801	525,000	913,415	481	206,825	47,929,011
HAG and Other Grants								
As at 1 April 2012	32,381,603	113,044	200,984	-	-	-	-	32,695,631
Received in year	22,193	-	863,067	-	-	-	-	885,260
Transferred to Stock	(97,166)	-	-	-	-	-	-	(97,166)
Remitted and eliminated on disposals	(428,274)	-	-	-	-	-	-	(428,274)
At 31 March 2013	31,878,356	113,044	1,064,051	-	-	-	-	33,055,451
Depreciation								
As at 1 April 2012	4,470,541	35,904	-	-	-	-	176,097	4,682,542
Charge for year	368,596	1,743	-	-	-	-	18,454	388,793
Transferred to Stock	(165,624)	-	-	-	-	-	-	(165,624)
On disposals	(37,720)	-	-	-	-	-	-	(37,720)
At 31 March 2013	4,635,793	37,647	-	-	-	-	194,551	4,867,991
Net Book Value								
At 31 March 2013	8,065,001	158,648	330,750	525,000	913,415	481	12,274	10,005,569
At 31 March 2012	8,460,089	160,391	301,280	-	138,415	481	28,663	9,089,319

Development administration costs capitalised amounted to £31,488 (2012- £23,466) for which Social Housing Grants amounting to £2,018 (2012: £5,105) were received in the year. Major Repairs capitalised in year amounted to £201,223 (2012 - £90,409).

The depreciation charges for housing stock in the year was £370,339. The net book value of disposed components was £35,618 and has been included in depreciation of social Housing in note 3 in accordance with the SORP giving a total depreciation of social housing of £405,957.

All additions in the year in respect of Housing Properties Held for Letting relate to capitalisation of components.

Of the amounts transferred to stock (see note 8), one unit was subsequently sold for £18,775 leading to a loss on disposal of £12,895. All other disposals relate to disposed components.

Notes to the Financial Statements
For the year ended 31 March 2013

10. Investment in Subsidiary Company

	2013	2012
	£	£
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 2013 subsidiary company accounts show a loss for the year of £89,564 (2012: loss of £139,236) and net assets of £55,206 (2012: net liabilities position of £55,230)

11. Debtors

	2013	2012
	£	£
Rental arrears	68,617	54,150
Less: Provision for bad and doubtful debts	(6,500)	(5,089)
	<u>62,117</u>	<u>49,061</u>
Amounts owed by subsidiary	204,649	386,891
Factoring arrears	22,204	19,920
Prepayments and accrued income	422,445	327,907
Housing Association Grant receivable	81,841	28,898
Scottish Government – Homestake	-	121,984
Scottish Government – HAG	-	88,810
	<u>793,256</u>	<u>1,023,471</u>

12. Fixed Asset Investment

	2013	2012
	£	£
LIFT - Cost	1,013,214	1,013,214
LIFT - HAG	(1,013,214)	(1,013,214)
	<u>-</u>	<u>-</u>

13. Creditors: amounts falling due within one year

	2013	2012
	£	£
Housing Loans	444,198	442,645
Accruals	14,228	44,028
Deferred income	7,968	-
Other taxation and social security	13,841	13,345
Loans in transit from subsidiary	661,210	-
Other creditors	1,325,769	203,456
Scottish Government – Homestake	-	44,969
Housing Association Grant repayable	75,647	75,647
	<u>2,542,861</u>	<u>824,090</u>

Included in other creditors is £12,831 (2012: £12,398) in respect of outstanding pension contributions.

Notes to the Financial Statements
For the year ended 31 March 2013

14. Creditors: amounts falling due outwith one year	2013	2012
	£	£
Loans:		
Due between one and two years	455,553	442,645
Due between two and five years	1,345,678	1,446,257
Due in five years or more	7,181,386	7,569,856
	<hr/>	<hr/>
	8,982,617	9,458,758
	<hr/>	<hr/>
Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.		
15. Provision for liabilities	2013	2012
	£	£
Deferred tax:		
At start of year	-	748
Fixed asset timing differences	-	-
Other short term timing differences	-	-
Released	-	(748)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>
16. Share Capital	2013	2012
	£	£
At beginning of year	244	227
Shares of £1 each fully paid and issued during the year	33	25
Shares forfeited in year	(3)	(8)
	<hr/>	<hr/>
At end of year	274	244
	<hr/>	<hr/>
17. Designated Reserve	2013	2012
	£	£
<u>Major Repairs</u>		
At beginning of year	200,000	200,000
Transfer (from)/to revenue reserve (note 18)	-	-
	<hr/>	<hr/>
At end of year	200,000	200,000
	<hr/>	<hr/>
18. Revenue Reserves	2013	2012
	£	£
At 1 April 2012	351,897	(64,934)
Surplus for the year	455,378	416,831
	<hr/>	<hr/>
	807,275	351,897
Transfer (from)/to designated reserves (note 17)	-	-
	<hr/>	<hr/>
At 31 March 2013	807,275	351,897
	<hr/>	<hr/>

Notes to the Financial Statements
For the year ended 31 March 2013

19. 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.

	2013 £	2012 £
Emoluments (excluding pension Contributions) of Director	56,011	53,924

	2013 £	2012 £
Total management committee and director and staff expenses reimbursed in so far as not chargeable to income tax	12,025	11,927

The Director is a member of the Association's pension scheme described in note 23. The Director's pension contribution in the year to 31 March 2013 was £10,754 (2012: £10,354)

20. Employee Information

The full time equivalent number of employees employed during the year was:

	2013 No	2012 No
Financial and administration	6	6
Maintenance	4	4
Housing management	5	5
Development	2	2
	<u>17</u>	<u>17</u>

	2013 £	2012 £
Staff costs (including Director's Emoluments):		
Wages and salaries	553,975	529,663
Social security costs	46,286	44,280
Pension costs (note 23)	104,002	98,132
	<u>704,263</u>	<u>672,075</u>

21. Operating Surplus

Operating surplus is stated after charging:
 Depreciation

Auditors' remuneration (including VAT)

- In their capacity as auditors

- In respect of other services

	2013 £	2012 £
Depreciation	388,793	389,027

	2013 £	2012 £
Auditors' remuneration (including VAT)	9,440	10,000
- In their capacity as auditors	4,907	2,382

Notes to the Financial Statements
For the year ended 31 March 2013

22. Capital Commitments	2013 £	2012 £
Contracted but not provided	1,719,876	2,612,413
To be funded by:		
Grants from the Scottish Government	202,907	1,065,974
Private Finance	1,051,439	1,051,439
Association's own reserves	465,530	495,000
Contracted but not provided	1,719,876	2,612,413

23. Pensions

Rutherglen and Cambuslang Housing Association Limited participates in the Scottish Housing Association Pension Scheme ('SHAPS'). 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; and
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

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 and for new entrants.

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 9.6% of pensionable salaries. Member contributions were 9.6%.

In addition a payment of £57,499 (2012: £55,023) was made in the year in respect of a past service deficit contribution.

As at the balance sheet date there were 15 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 2013

23. Pensions (continued)

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to each 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 Trustee commissions an actuarial valuation every three years. The main purpose of the valuation is to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%. 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

Notes to the Financial Statements
For the year ended 31 March 2013

23. Pensions (continued)

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

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 80 ^{ths}	13.2
Career average 120ths	9.4
Additional rate for deficit contributions	10.4

The actuarial valuation as at 30 September 2012 is expected to be issued in December 2013.

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 2012. As of this date the estimated employer debt for the Association was £3,870,738

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.

Notes to the Financial Statements
For the year ended 31 March 2013

24. Housing Stock

The number of units of housing accommodation available for let at 31 March 2013 was:

	Units in management	
General Needs Housing	804	813
Supported Housing Accommodation	4	4
	<hr/>	<hr/>
	808	817
Shared ownership Accommodation	12	12
	<hr/>	<hr/>
	820	829
	<hr/>	<hr/>

During the year, the Association gained permission from the Scottish Housing Regulator to sell 9 housing units. These units were thus transferred from fixed assets to stock (see note 8).

25. Commercial Units

The number of commercial units available for let at 31 March 2013 was:

	Units in management	
	2013	2012
Lock ups	35	35
Aspire business centre	1	-
Shops	3	3
	<hr/>	<hr/>
	39	38
	<hr/>	<hr/>

Part of the Aspire business centre is used as offices by the Association and part of it is rented out to 3rd parties.

26. Operating Lease Commitments

	2013		2012	
	Land and Buildings £	Office Equipment £	Land and Buildings £	Office Equipment £
Operating leases which expire:				
Within one year	-	-	98,034	4,378
Within one to five years	-	20,248	-	8,860
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	20,248	98,034	13,238
	<hr/>	<hr/>	<hr/>	<hr/>

27. 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 Association").

During the year, rental charges of £81,700 were charged by Aspire to the Association for the rent of office premises (2012: £81,700).

During the year, management charges of £1,000 (2012: £1,000) were recharged by the Association to Aspire for services rendered by the Director of the Association in respect of Aspire.

**Notes to the Financial Statements
For the year ended 31 March 2013**

27. Related Party Transactions (continued)

Expenditure was incurred by the Association in the year in respect of Aspire. Most of these costs were recharged in the year, with the exception of £8,833 (2012: £nil) of professional fees, the cost of which was borne by the Association.

During the year £93,400 (2012: £165,000) was transferred over to Aspire by the Association to help with its cashflow. This is included within the intercompany debt outstanding at the year end.

The Association purchased the Aspire business centre on 28 March 2013 for its market valuation of £1.3 million. At 31 March 2013, the balance owed to Aspire by the Association, included in creditors, was £661,210 (2012: £nil). This relates to bank loans that were to be transferred from Aspire to the Association as part of the purchase of the Aspire business centre. The loans were transferred post year end on 3 April 2013.

At the year-end £204,649 was owed by Aspire to the Association and is included within debtors (2012: £305,000 included in debtors greater than one year and £386,891 included in debtors due within one year). No interest was charged in respect of these balances (2012: £nil).

28. Legislative Provisions

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

29. Post balance sheet events

Since the end of the year, as part of the arrangements related to the purchase of the Aspire business centre from its subsidiary, £661,210 of bank loans held by Aspire were transferred to the Association.