



**Scott-Moncrieff**  
business advisers and accountants

**RUTHERGLEN AND CAMBUSLANG  
HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2016**

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **Report and Financial Statements For the year ended 31 March 2016**

<b>Contents</b>	<b>Pages</b>
Management Committee, Director, Management Team and Professional Advisers	1
Report of the Management Committee (incorporating the Strategic Report)	2 - 5
Independent Auditor Report on Corporate Governance	6
Independent Auditor Report on the Financial Statements	7 - 8
Statement of Comprehensive Income	9
Statement of Changes in Capital and Reserves	10
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 34

#### **Registration information**

Financial Conduct Authority	Co-operative and Communities Benefit Societies Act 2014 Registered number 2029RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 176
Scottish Charity Number	SC041992

**Management Committee, Director, Management Team and Professional Advisers  
For the year ended 31 March 2016****Chairperson of the Management Committee**

Geraldine Baird (resigned 13 October 2015)  
Robert McLeary (appointed 13 October 2015)

**Vice-Chairperson**

Jean Stewart

**Secretary**

Robert McLeary (resigned 13 October 2015)  
Geraldine Baird (appointed 13 October 2015)

**Management Committee Members**

Nora Dillon  
Jean Gow  
Gary Gow  
Karen McCartney  
Mary Ellen McKeown  
Edith Mina  
Christine McPhail  
Jack Thompson  
Eveline Thompson  
Mary Ann Dillon (resigned 15 December 2015)  
Julie Annan (resigned 13 October 2015)

**Director**

Dave Anderson

**Management Team**

Jim Kerr, Senior Housing Officer  
Ronnie Cuninghame, Senior Housing Officer  
John McNulty, Building Manager

**Registered Office**

Aspire Business Centre  
16 Farmeloa 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**

MJM Hart Smith  
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 (incorporating the Strategic Report)  
For the year ended 31 March 2016**

The Management Committee has pleasure in presenting its report incorporating the Strategic Report together with the audited accounts for the year ended 31 March 2016.

**Objectives and Strategy**

The Association's overall strategy is to provide high quality, affordable housing in our community and to endeavour to alleviate poverty through our housing and associated activities.

Our business objectives are to:

- identify opportunities to meet the demand for affordable rented accommodation in our communities;
- provide a high quality responsive service to our customers;
- ensure that the Association remains financially viable and has plans in place for its long term future;
- ensure that our housing properties are maintained to the highest possible standards and meet standards set by the Scottish Government (SHQS and EESSH);
- raise the profile of the Association in our communities and to engage with local organisations that complement our work; and
- meet our performance obligations to our lenders and the Scottish Housing Regulator.

**Performance of Business**

The Association continues to operate in a challenging environment which not only affects our business activities but also impacts on our tenants. We recognise that the success of the organisation going forward relies on the support that we can offer our tenants to live in affordable well maintained fuel efficient properties and to assist them to overcome the challenges facing them in the current financial climate.

Reduced Government subsidies and a challenging borrowing environment have also made it difficult to develop new homes despite the pressure on our waiting list. The Association has taken the decision not to start any new developments in the current climate because of the risks involved and the potential effect on our financial viability going forward.

Despite these challenges, however, the Association has continued to perform efficiently and achieve high performance standards. Our key business achievements over the last year have been:

- the investment of over £231k in our planned and cyclical maintenance programme and over £450K of capital improvements to our existing housing units in line with our asset management strategy;
- the achievement of SHQS in all of our properties apart from allowable exceptions;
- completion of a large scale insulation programme for tenants and owners with Everwarm;
- the purchase and implementation of new integrated housing management, factoring and financial computer software; and
- a programme of Committee appraisals and training to ensure the strong governance of the organisation.

With regards to the management of our stock, our performance continues to be excellent. Our overall arrears figure for the year was 2.4% and our rental loss through voids and bad debts was 0.4%. With regards to the maintenance of our stock we continue to provide a responsive repair service and invest in our planned maintenance programme.

The financial plans and sensitivity testing carried out by the Association will ensure that we have sufficient resources available to meet our obligations and ambitions regarding tenants' needs and expectations, legislative requirements, and the scope to make significant progress to help build more sustainable communities.

Based on the information provided to the Scottish Housing Regulator during 2015/16, the Association will continue to be a low engagement organisation in 2016/17.



**Report of the Management Committee (incorporating the Strategic Report) (cont'd)**  
**For the year ended 31 March 2016**

**Financial and non-financial key performance indicators**

The Association submitted its ARC to the Scottish Housing Regulator in May 2016 and its performance continues to be excellent in comparison to its peer group and national benchmarks. The following is an extract of the key performance indicators contained within the submission;

	Benchmark*	RCHA
Average Re-let Time in Days	15.57	9.8
Void Loss	2.77%	0.13%
Total Arrears	3.8%	2.64%
Average Time to Complete Emergency Repairs (Hours)	3.44	1.83
% Repairs Completed Right First Time	89.42%	90.51%
Average time taken to complete non-emergency repairs	3.34	2.72

\*The performance of our peer group performance based on the 2015 ARC returns.

**Statement on 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 Team 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; and
7. the Management Committee reviews reports from the management team, the internal auditor and the external auditor to provide reasonable assurance that the control procedures in place are being followed and ensures any recommendations made are actioned.

The Management Committee has reviewed the effectiveness of the system of internal controls for the year ended 31 March 2016. No weaknesses were found in the internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements.

**Risk and Uncertainties**

RSL's are not immune from the current economic uncertainty and face challenges including potential interest rate rises, the effects of welfare reform, lower grant levels awarded, reduced pots of available grant, a lower number of lenders in the sector, higher loan margins and setup costs, pension deficits and increased SHR and lender monitoring. The Association has developed a Risk Management Strategy which reviews the risks facing the Association on a regular basis and this feeds into our risk register.

**Report of the Management Committee (incorporating the Strategic Report) (cont'd)**  
**For the year ended 31 March 2016**

**Future Plans**

The Management Committee has reviewed the challenges facing it over the next three years and has set the following objectives:

- continuation of our asset management strategy in order to achieve the 2020 EESSH standard;
- ensure that the Association and our tenants are not significantly adversely affected by the introduction of Universal Credit;
- addressing succession planning for both the Committee and Management Team;
- provide a range of opportunities for effective resident involvement including governance, satisfaction, scrutiny, participation and communication;
- to achieve value for money and efficiencies in all our activities including investigating in-house services and partnerships with relevant organisations; and
- to develop and implement high quality performance, benchmarking and risk management processes.

We have agreed a business plan for the period 2016 – 2019 which shall be reviewed annually to ensure that we address new challenges and opportunities.

**Governance**

The Management Committee recognises the need for good governance of the organisation to ensure that it continues to provide a good service to its customers and to ensure its long term viability. The Management Committee has a wealth of experience in managing the affairs of the organisation. The Committee has a variety of skills and although each is a resident within the community they also possess professional skills which add to the strengths of the organisation. In recognition of the new Regulatory requirements regarding the continuing effectiveness of Management Committee members, the Association carried out an appraisal of each member's skills and a training plan for the Committee is now in place. The Association is also reviewing its succession planning framework which is due to be completed in 2016.

**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 its income and expenditure 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 an material departures disclosed and explained in the financial statements; 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 2016**

**Disclosure of information to the auditor**

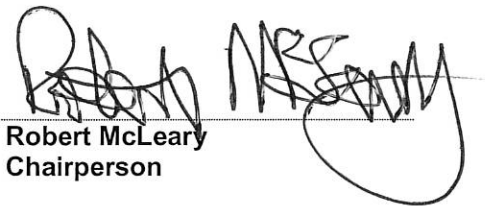
To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- 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 its behalf on 6 September 2016 by:



Robert McLeary  
Chairperson

**Report of the Auditor to the Management Committee of Rutherglen and Cambuslang Housing Association Limited on Corporate Governance Matters  
For the year ended 31 March 2016**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 3 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

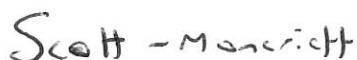
**Basis of Opinion**

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Controls on page 3 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



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

Dated: 6 September 2016



**Independent Auditor Report to the members of Rutherglen and Cambuslang Housing Association Limited**  
**For the year ended 31 March 2016**

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserve, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Practice) and the Statement of Recommended Practice for Social Housing Providers issued in 2014.

This report is made solely to the Association's members as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 the Auditor**

As explained more fully in the Statement of the Management Committee Responsibilities set out on page 4, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers issued in 2014; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

**Group accounts: Section 99(3) of the Co-operative and Community Benefit Societies Act 2014**

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 the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2016, because of the immaterial nature of the subsidiary's transactions in the year.

**Independent Auditor Report to the members of Rutherglen and Cambuslang Housing Association Limited (cont'd)**  
**For the year ended 31 March 2016**

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

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

- 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*

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

Dated: 6 September 2016

**Statement of Comprehensive Income**  
**For the year ended 31 March 2016**

	Notes	2016 £	Restated 2015 £
<b>Turnover</b>	4	3,549,399	4,248,251
Less: Operating expenditure	4	(2,621,479)	(3,354,526)
<b>Operating surplus</b>	4	927,920	893,725
Gain/(loss) on disposal of property, plant and equipment		2,398	(3,802)
Interest receivable and other income	9	12,784	5,662
Interest payable and similar charges	10	(374,967)	(448,631)
<b>Surplus for the year</b>		568,135	446,954
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		568,135	446,954

The results for the year relate wholly to continuing activities.

The notes on pages 13 to 33 form part of these financial statements.

**Statement of Changes in Capital and Reserves**  
**As at 31 March 2016**

	Share Capital £	Revenue Reserve £	Total Reserve £
Balance at 1 April 2015 (as restated)	184	16,158,850	16,159,034
Total comprehensive income	-	568,135	568,135
Shares issued during the year	16	-	16
Shares cancelled during the year	(46)	-	(46)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	154	16,726,985	16,727,139
	<hr/>	<hr/>	<hr/>

**Statement of Changes in Capital and Reserves**  
**As at 31 March 2015**

	Share Capital £	Revenue Reserve £	Total Reserve £
Balance at 1 April 2014 (as restated)	301	15,711,896	15,712,197
Total comprehensive income	-	446,954	446,954
Shares issued during the year	25	-	25
Shares cancelled during the year	(142)	-	(142)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015 (as restated)	184	16,158,850	16,159,034
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 33 form part of these financial statements.



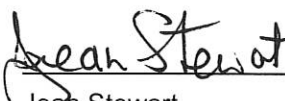
**Statement of Financial Position**  
**As at 31 March 2016**

	Notes	2016 £	Restated 2015 £
<b>Tangible fixed assets</b>			
Housing properties	12	24,972,151	25,252,601
Other fixed assets	12	1,304,879	1,333,018
		<u>26,277,030</u>	<u>26,585,619</u>
<b>Investments</b>			
Investment in subsidiary	15	100	100
<b>Current assets</b>			
Stock	16	-	31,671
Debtors	17	645,587	529,052
Cash and cash equivalents	18	1,139,037	1,096,218
Investments	19	241,740	-
		<u>2,026,364</u>	<u>1,656,941</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(1,226,473)</u>	<u>(1,174,268)</u>
<b>Net current assets</b>		<u>799,891</u>	<u>482,673</u>
<b>Total assets less current liabilities</b>		<u>27,077,021</u>	<u>27,068,392</u>
<b>Creditors: amounts falling due after more than one year</b>	21	<u>(10,349,882)</u>	<u>(10,909,358)</u>
<b>Total net assets</b>		<u>16,727,139</u>	<u>16,159,034</u>
<b>Capital and reserves</b>			
Share capital	24	154	184
Revenue reserve		16,726,985	16,158,850
		<u>16,727,139</u>	<u>16,159,034</u>

The financial statements were authorised for issue by the Management Committee on 6 September 2016 and are signed on its behalf by:

  
 Robert McLeary  
 Chairperson

  
 Geraldine Baird  
 Secretary

  
 Jean Stewart  
 Vice-Chairperson

The notes on pages 13 to 33 form part of these financial statements.

**Statement of Cash Flows**  
**For the year ended 31 March 2016**

	<b>Notes</b>	<b>2016 £</b>	<b>Restated 2015 £</b>
<b>Net cash flows from operating activities</b>	28	1,425,446	1,417,927
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(460,422)	(561,989)
Proceeds from the sale of property, plant and equipment		93,480	216,126
Interest received		3,984	5,662
		<u>(362,958)</u>	<u>(340,201)</u>
<b>Cash flows from financing activities</b>			
Issue of share capital		16	25
Repayment of borrowings		(443,978)	(425,875)
Interest paid		(333,967)	(387,631)
Deposit in current asset investments		(241,740)	
		<u>(1,019,669)</u>	<u>(813,481)</u>
<b>Net changes in cash and cash equivalents</b>		42,819	264,245
Cash and cash equivalents at 1 April	18	<u>1,096,218</u>	<u>831,973</u>
<b>Cash and cash equivalents at 31 March</b>	18	<u><u>1,139,037</u></u>	<u><u>1,096,218</u></u>

The notes on pages 13 to 33 form part of these financial statements.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**1. General information**

The financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers in 2014.

The preparation of these financial statements in compliance with FRS102 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Association's accounting policies (see note 3).

These financial statements represent the results of the Association only and are presented in pounds sterling (GBP) and are rounded to the nearest whole pound.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The registered address is Aspire Business Centre, 16 Farmeloa Road, Rutherglen, Glasgow, G73 1DL. The Association is a registered social landlord in Scotland and its registered number is 176.

**2. Principal Accounting policies**

**Introduction and accounting basis**

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. Please note that on transition to FRS102, an existing use valuation has been used as deemed cost for housing properties. The effect of events relating to the year ended 31 March 2016, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2016 and of the results for the year ended on that date.

This is the first year the financial statements have been prepared in accordance with FRS102 and the new SORP. The impact of this transition is detailed in note 31.

**Going concern**

The Management Committee anticipates that a surplus will be generated in the years to 31 March 2016 and 31 March 2017. 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 continues to adopt the going concern basis of accounting in preparing the annual financial statements.

**Turnover**

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from South Lanarkshire Council and from the Scottish Government. Also included is any income from first tranche shared ownership sales.

**Apportionment of management expenses**

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

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**2. Principal Accounting policies (cont'd)**

**Interest receivable**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**Interest payable**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Fixed assets - Housing properties**

Housing properties are stated at cost less accumulated depreciation. The cost of such properties includes the following:

1. Cost of acquiring land and buildings;
2. Cost of construction; and
3. Development expenditure including administration costs.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income. 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.

**Depreciation**

**1. Housing properties**

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 60 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

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**2. Principal Accounting policies (cont'd)**

**Depreciation (cont'd)**

**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 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.

**Shared equity**

On completion of construction, shared equity units are held in stock along with the grant received. On completion of the first tranche sale, the Association's obligation ceases and the cost and grant are derecognised through the Statement of Comprehensive Income.

**Consolidation**

The Association and its subsidiary undertaking, Aspire Community Development Company Limited, comprise a small group and the Financial Conduct Authority has granted an exemption from preparing group financial statements. Thus group accounts have not been prepared and these accounts therefore represent the results of the Association and not of the group.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Rental arrears**

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 16.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Current asset investments**

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**2. Principal Accounting policies (cont'd)**  
**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest rate method.

**Financial Instruments**

The Association enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**Government capital grants**

Government Capital Grants, at amounts approved by The Scottish Government or South Lanarkshire Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income over the useful life of the assets it relates to on completion of the development phase.

**Government revenue grants**

Government Revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

**Non-government grants**

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**2. Principal Accounting policies (cont'd)**

**Pensions**

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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.

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS102, this discounted past service deficit liability (based on the 2015 provisional valuation) has been recognised in the Statement of Financial Position.

**Loans**

Mortgage loans are advanced by Private Lenders 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.

**3. Judgements in applying policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

**Estimate**

**Basis of estimation**

Valuation of Housing Properties

Housing Properties are held at deemed cost which is based on existing use valuations at the date of transition. The assumptions used to form the basis of the existing use valuation have been reviewed and considered reasonable and appropriate.

Useful lives of property and other fixed assets

The useful lives of housing properties and other fixed assets are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The main components of housing properties and their useful lives

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Recoverable amount of rental and other trade receivables

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.



**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**3. Judgements in applying policies and key sources of estimation uncertainty (cont'd)**

**Estimate**

The obligations under the SHAPS pension scheme

The valuation of the investment property

Split of office premises and investment property

**Basis of estimation**

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate. This has been based on the 2015 provisional valuation.

The investment property was valued by an appropriate employee surveyor using market data at the date of valuation.

Part of the Aspire Business Centre, which is owned by the Association, is used by the Association for its offices with part rented out to third parties at commercial rates. Under FRS 102, the part of the building used by the Association for offices must be accounted for as a tangible fixed asset and depreciated whilst the part of the building rented out must be accounted for as an investment property and held at market value. The Management Committee have based this split on the square footage of the building with 40% used by the Association and 60% rented to third parties and thus treated as an investment property.



Notes to the Financial Statements  
For the year ended 31 March 2016

4. Particulars of turnover, operating expenditure and operating surplus

	2016		Restated 2015	
	Turnover	Operating Costs £	Operating Costs £	Operating Surplus £
	£			
Social Lettings (Note 5a)	3,290,976	(2,408,960)	(3,179,824)	782,667
Other activities (Note 5b)	258,423	(212,519)	(174,702)	111,058
	<u>3,549,399</u>	<u>(2,621,479)</u>	<u>(3,354,526)</u>	<u>893,725</u>

Notes to the financial statements  
For the year ended 31 March 2016

5. (a). Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2016 Total £	Restated 2015 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	3,148,738	53,697	15,848	3,218,283	3,160,862
Service charges	42,662	1,176	910	44,748	44,582
<b>Gross income from rents and service charges</b>	<b>3,191,400</b>	<b>54,873</b>	<b>16,758</b>	<b>3,263,031</b>	<b>3,205,444</b>
Less voids	(5,500)	-	-	(5,500)	(1,557)
<b>Net income from rents and service charges</b>	<b>3,185,900</b>	<b>54,873</b>	<b>16,758</b>	<b>3,257,531</b>	<b>3,203,887</b>
Grants released from deferred government capital grants	-	-	8,478	8,478	1,884
Other revenue grants	24,967	-	-	24,967	756,720
<b>Total turnover from social letting activities</b>	<b>3,210,867</b>	<b>54,873</b>	<b>25,236</b>	<b>3,290,976</b>	<b>3,962,491</b>
<b>Expenditure</b>					
Management and maintenance administration costs	898,321	48,837	20,073	967,231	1,064,576
Service charges	42,661	1,176	910	44,747	44,582
Planned cyclical maintenance including major repairs	231,304	-	-	231,304	937,052
Reactive maintenance costs	367,941	-	-	367,941	426,422
Ground maintenance	27,093	-	-	27,093	27,568
Bad debts – rents and service charges	8,796	-	-	8,796	11,048
Property insurance	98,634	-	-	98,634	100,910
Depreciation of social housing *	654,101	4,860	4,253	663,214	567,666
<b>Operating costs for social letting activities</b>	<b>2,328,851</b>	<b>54,873</b>	<b>25,236</b>	<b>2,408,960</b>	<b>3,179,824</b>
<b>Operating Surplus on letting activities, 2016</b>	<b>882,016</b>	<b>-</b>	<b>-</b>	<b>882,016</b>	
<b>Restated operating surplus on letting activities, 2015</b>	<b>837,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>782,667</b>

Included within planned cyclical maintenance are costs of £20,797 (2015: £16,475) relating to major repairs.

\* The depreciation charges for housing stock in the year were £531,144 (2015: £512,549). The net book value of disposed components was £132,070 (2015: £55,117) in accordance with the SORP.

Notes to the financial statements  
For the year ended 31 March 2016

5 (b). Particulars of turnover, operating expenditure and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover 2016	Operating costs 2016	Surplus 2016	Total Turnover 2015	Operating expenditure 2015	Surplus 2015
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	(1,413)	(1,413)	-	(1,441)	(1,441)
Commercial rent	-	-	-	184,297	184,297	(124,351)	59,946	160,367	(110,579)	49,788
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	46,352	46,352	(46,352)	-	45,643	(45,643)	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Housing property sales	-	-	-	27,274	27,274	(32,173)	(4,899)	79,250	(10,522)	68,728
Supporting people	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs and non RSLs	-	-	-	-	-	-	-	-	-	-
Management charge to subsidiary	-	-	-	500	500	-	500	500	-	500
Tenant participation	-	-	-	-	-	(8,230)	(8,230)	-	(6,517)	(6,517)
Total from other activities- 2016	-	-	-	258,423	258,423	(212,519)	45,904	285,760	(174,702)	111,058
Total from other activities- 2015	-	-	-	285,760	285,760	-	-	285,760	(174,702)	111,058

# 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 2016**

**6. 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. No Directors or members of key management received emoluments (excluding pension contributions) greater than £60,000. No emoluments were paid to any member of the Management Committee during the year.

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Emoluments (excluding pension contributions) of Director	59,904	59,018
	<u>59,904</u>	<u>59,018</u>
	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Total management committee and director and staff expenses reimbursed in so far as not chargeable to income tax	7,864	10,785
	<u>7,864</u>	<u>10,785</u>

The Director is a member of the Association's pension scheme described in note 23. The Director's pension contribution (including the past service element) in the year to 31 March 2016 was £14,736 (2015: £14,519).

Other than the expenses disclosed above, no member of the Association received any remuneration for their services as members of the Management Committee. No members were employed by the Association in the year. There were no loans to the Committee members, officers or employees during the year.

The Association consider key management personnel to be the Management Committee and the management team of the Association. Their emoluments (excluding pension contributions) for the year were £194,692 (2015: £191,815). Their pension contributions (including the past service element) for the year were £47,894 (2015: £47,187).

**7. Employee Information**

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

	<b>2016</b> <b>No</b>	<b>2015</b> <b>No</b>
Financial and administration	8	9
Maintenance	4	4
Housing management	6	6
	<u>18</u>	<u>19</u>

	<b>2016</b> <b>£</b>	<b>Restated</b> <b>2015</b> <b>£</b>
Staff costs (including Director's Emoluments):		
Wages and salaries	573,917	594,102
Social security costs	44,119	42,633
Pension costs (note 25)	62,263	62,277
	<u>680,299</u>	<u>699,012</u>
SHAPs past service deficit liability – remeasurement – impact of changes in assumptions	<u>(8,000)</u>	<u>134,000</u>

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**7. Employee Information (cont'd)**

This is included in management and administration costs.

During the year past service deficit contributions of £152,443 (2015: £148,150) were paid. Of this payment, £147,000 (2015: £143,000) was a payment in respect of the SHAPS past service deficit liability. The remainder of £5,443 (2015: £5,150) was pension management costs which have been included in the pension contributions total included in staff costs above.

	<b>2016</b>	<b>Restated</b>
	<b>£</b>	<b>2015</b>
		<b>£</b>
<b>8. Operating surplus</b>		
Operating surplus is stated after charging:		
Depreciation – charged in respect of assets	569,346	454,945
Depreciation – loss on disposal of components	132,069	55,117
Auditor's remuneration (including VAT)		
- In their capacity as auditors	10,560	10,380
- In respect of other services	1,500	600
<b>9. Interest receivable and other income</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest receivable on deposits	3,984	5,662
Loan to subsidiary	8,800	-
	<u>12,784</u>	<u>5,662</u>
<b>10. Interest payable and similar charges</b>	<b>2016</b>	<b>Restated</b>
	<b>£</b>	<b>2015</b>
		<b>£</b>
Loan interest	333,967	387,631
SHAPS deficit repayment plan – interest expense	41,000	61,000
	<u>374,967</u>	<u>448,631</u>
<b>11. Taxation</b>		

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. No tax was due in respect of its non-charitable activities in the year (2015: £nil).

Notes to the Financial Statements  
For the year ended 31 March 2016

12. Tangible fixed assets

	Housing properties held for letting £	Shared ownership properties £	Office premises £	Investment property £	Furniture fittings & equipment £	Total £
<b>Cost</b>						
As at 1 April 2015 as restated	25,528,506	309,339	525,000	781,470	250,043	27,394,358
Additions	450,359	-	-	-	10,063	460,422
Disposals	(190,038)	(25,778)	-	-	-	(215,816)
At 31 March 2016	25,788,827	283,561	525,000	781,470	260,106	27,638,964
<b>Depreciation</b>						
As at 1 April 2015 as restated	491,127	94,117	21,000	-	202,495	808,739
Charge for year	526,891	4,253	10,500	-	27,702	569,346
On disposals	(7,799)	(8,352)	-	-	-	(16,151)
At 31 March 2016	1,010,219	90,018	31,500	-	230,197	1,361,934
<b>Net Book Value</b>						
At 31 March 2016	24,778,608	193,543	493,500	781,470	29,909	26,277,030
At 31 March 2015 as restated	25,037,379	215,222	504,000	781,470	47,548	26,585,619

Additions to housing properties in the year includes £nil capitalised interest (2015:£nil) and £nil (2015: £2,205) capitalised administration costs. £450,359 (2015: £519,789) of component replacements were capitalised in the year. All housing properties are freehold. Properties with a cost of £76,956 (2015: £76,612) and accumulated depreciation of £9,361 (2015: £nil) have been disposed in the year for net proceeds of £93,480 (2015: £6,391). Grant due to be repaid on these properties is £23,487 (2015: £4,419). Components with a cost of £138,860 (2015: £131,729) and accumulated depreciation of £6,790 (2015: £76,612) have been disposed in the year.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**13. Housing Stock**

The number of units of housing accommodation available for let at 31 March 2016 was:

	<b>Units in management</b>	
	<b>2016</b>	<b>2015</b>
General Needs Housing	824	827
Supported Housing Accommodation	4	4
	<hr/>	<hr/>
	828	831
Shared ownership Accommodation	11	12
	<hr/>	<hr/>
	839	843
	<hr/>	<hr/>

There are no units managed by other bodies.

**14. Commercial Units**

The number of commercial units available for let at 31 March 2016 was:

	<b>Units in management</b>	
	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Lock ups	35	35
Aspire business centre	1	1
Shops	3	3
	<hr/>	<hr/>
	39	39
	<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 (refer to note 3).

**15. Investment in subsidiary company**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary company	100	100
	<hr/>	<hr/>

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 2016 draft subsidiary company accounts show a loss for the year of £19,131 (2015: loss of £15,662) and net liabilities of £47,445 (2015: net liability position of £28,314).

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

<b>16. Stock</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Properties held for sale	-	31,671
1 unit (2015: 2) with a net book value of £31,671 (2015: £10,522) was sold in the year for £27,274 (2015: £79,250). There was legal costs of £502 incurred in the sale.		
<b>17. Debtors</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Rental arrears	77,747	69,375
Less: Provision for bad and doubtful debts	(31,491)	(26,616)
	46,256	42,759
Amounts owed by subsidiary	321,387	290,531
Factoring arrears	108,957	43,199
Prepayments and accrued income	168,987	151,470
Grant receivable	-	1,093
	645,587	529,052
<b>18. Cash and cash equivalents</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Balances held in current accounts	830,120	789,107
Balances held in deposit accounts	308,197	307,111
	1,139,037	1,096,218
<b>19. Investments</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Balances held in deposit accounts greater than 3 months	241,740	-
<b>20. Creditors: amounts falling due within one year</b>	<b>2016</b> <b>£</b>	<b>Restated 2015</b> <b>£</b>
Housing Loans	397,604	408,848
Accruals	7,000	6,400
Other taxation and social security	12,856	12,621
Other creditors	510,160	475,297
Deferred capital grant (note 22)	1,727	1,884
Housing Association Grant repayable	145,326	121,839
SHAPS pension deficit liability (note 25)	151,800	147,379
	1,226,473	1,174,268

Included in other creditors is £23,673 (2015: £23,710) in respect of outstanding pension contributions.



**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

	<b>2016</b>	<b>Restated</b>
	<b>£</b>	<b>2015</b>
		<b>£</b>
<b>21. Creditors: amounts falling due out with one year</b>		
Housing loans	9,513,967	9,946,701
SHAPS pension deficit liability (note 25)	764,477	882,898
Deferred capital grant (note 22)	71,438	79,759
	<u>10,349,882</u>	<u>10,909,358</u>
Loan analysis:		
Due between one and two years	438,603	431,022
Due between two and five years	1,415,069	1,316,703
Due in five years or more	7,660,295	8,198,976
	<u>9,513,967</u>	<u>9,946,701</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates between Libor +0.45% and 2.5% over the next 30 years.

	<b>2016</b>	<b>Restated</b>
	<b>£</b>	<b>2015</b>
		<b>£</b>
<b>22. Deferred capital grants</b>		
<u>Housing grants</u>		
At 1 April	81,643	83,527
Grants received in year	-	-
Released to income in year	(8,478)	(1,884)
	<u>73,165</u>	<u>81,643</u>
At 31 March		
Split:		
Due within one year	1,727	1,884
Due between one and two years	1,727	1,884
Due between two and five years	5,181	5,652
Due in five years or more	64,530	72,223
	<u>73,165</u>	<u>81,643</u>
At 31 March		

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>23. Financial Instruments</b>		
<b>Financial Assets</b>		
Financial assets measured at amortised cost	<u>579,581</u>	<u>485,898</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>11,490,334</u>	<u>11,989,362</u>

Financial assets measured at amortised cost comprises rental arrears, amounts owed by subsidiary, factoring arrears, accrued income and grant receivable.

Financial liabilities measured at amortised cost comprise housing loans, accruals, other creditors, Housing Association Grant repayable and the SHAPS pension deficit liability.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

<b>24. Share Capital</b>	<b>2016 £</b>	<b>2015 £</b>
At beginning of year	184	301
Shares issued during the year	16	25
Shares forfeited in year	(46)	(142)
	<hr/>	<hr/>
At end of year	154	184
	<hr/>	<hr/>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

**25. Pension obligations**

Rutherglen and Cambuslang Housing Association Limited participates in the Scottish Housing Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme offers six benefit structures to employers, namely;

- Final salary with a 1/60<sup>th</sup> accrual rate
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate
- Career average revalued earnings with a 1/70<sup>th</sup> accrual rate
- Career average revalued earnings with a 1/80<sup>th</sup> accrual rate
- Career average revalued earnings with a 1/120<sup>th</sup> accrual rate contracted in
- Defined Contribution

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. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Rutherglen and Cambuslang Housing Association Limited have elected to operate the final salary with a 1/60<sup>th</sup> accrual rate and CARE with a 1/80<sup>th</sup> accrual rate. These schemes are open to existing and new employees however there are no employees currently in the CARE 1/80<sup>th</sup> scheme. The Association will pension auto-enrol in February 2017.

The Trustee commission an actuarial valuation of the Scheme every three 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 values. 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 12.3% of pensionable salaries. Member contributions were 12.3%. There was an additional annual employer past service deficit contribution (including administration costs of £5,443 and £5,150 respectively) of £152,443 (2015: £148,150) made in the year ended 31 March 2016. The net past service deficit contribution for 2016/17 is £151,800.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**25. Pension obligations (cont'd)**

As at the Statement of Financial Position date there were 12 (2015: 13) active members of the Scheme employed by Rutherglen and Cambuslang Housing Association Limited. The annual pensionable payroll in respect of these members was £510,955 (2015: £445,214). Rutherglen and Cambuslang Housing Association Limited continue to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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.

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS102, this discounted past service deficit liability has been recognised in the Statement of Financial Position using the 2015 provisional valuation.

**2012 valuation**

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2012 are detailed below:

**Financial Assumptions**

The key financial assumptions underlying the valuation as at 30 September 2012 were as follows:

	<b>% p.a.</b>
Investment return pre-retirement	5.3
Investment return post-retirement – non-pensioners	3.4
Investment return post-retirement – pensioners	3.4
Rate of Salary increases	4.1
Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA). All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

**2015 provisional valuation**

As highlighted at the 2015 Employer Forums, the triennial valuation has been undertaken against a challenging economic backdrop for defined benefit (DB) schemes like SHAPS. That said, the deficit has reduced from £304m as at 30 September 2012 to £198m as at 30 September 2015; an improvement in the funding position from 56% to 76%.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**25. Pension obligations (cont'd)**

A summary of the headline provisional valuation results is set out in the table below:

<b>Valuation</b>	<b>2012</b>	<b>2015</b>
Assets (£ million)	394	612
(Liabilities) (£ million)	(698)	(810)
(Deficit) (£ million)	(304)	(198)*
Funding level	56%	76%
Aggregate annual deficit contributions for the year from 1 April 2017 (£ million)	28.7 (26.3 on inception from 1 April 2014)	28.7
Annual increases to deficit contributions	3.0%	3.0%
Proposed deficit contribution (recovery) plan) and date	30 September 2027	28 February 2022

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Rutherglen and Cambuslang Housing Association Limited with an estimated updated contribution figure to the past service deficit. From 1 April 2017, Rutherglen and Cambuslang Housing Association Limited will be required to pay £158,754 (net of administration costs) per annum as a contribution to the past service deficit. This will increase by 3% per year. The deficit is now expected to be removed from the Scheme by 28 February 2022 (previously 30 September 2027). The past service deficit liability recognised in the financial statements is based on the revised estimated contribution schedule provided to the Association on 3 March 2016 by the Pensions Trust.

**Past service deficit repayment liability**

	<b>2016 £</b>	<b>Restated 2015 £</b>
Provision at start of period	1,030,277	978,277
Unwinding of the discount factor (interest expense)	41,000	61,000
Deficit contribution paid	(147,000)	(143,000)
Re-measurements – impact of any changes in assumptions	(8,000)	134,000
Re-measurements – amendments to the contributions schedule	-	-
Provision at end of period	916,277	1,030,277
Liability split as:		
< 1 year	151,800	147,379
1-2 years	153,601	148,503
2-5 years	467,229	452,342
> 5 years	143,647	282,053
	916,277	1,030,277

**Statement of Comprehensive Income Impact**

	<b>2016 £</b>	<b>2015 £</b>
Interest expense	41,000	61,000
Re-measurements – impact of any change in assumptions	(8,000)	134,000
Rate of discount	2.29%	2.22%

	2016 Office Equipment £	2015 Office Equipment £
<b>Operating Lease Commitments</b>		
Total commitment due within:		
Within one year	13,732	11,189
Between two to five years	26,337	20,024
Over five years	-	437
	<hr/>	<hr/>
	40,069	31,650

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

	2016 £	Restated 2015 £
<b>28. Net cash flow from operating activities</b>		
Surplus for the year	568,135	446,954
Adjustments for non-cash items:		
Depreciation of housing properties	663,214	567,666
Depreciation of property, plant and equipment	38,202	37,688
Carrying value of disposed assets	67,595	215,509
Proceeds from the sale of property, plant and equipment	(93,480)	(216,126)
HAG repayable on disposal of property	23,487	-
Decrease in stock	31,671	10,522
(Increase)/decrease in debtors	(116,535)	507,956
Increase/(decrease) in creditors	35,698	(584,185)
SHAPS deficit movements	33,000	195,000
Adjustments for investing and financing activities:		
Interest payable	333,967	387,631
Interest received	(3,984)	(5,662)
Release of deferred capital government grant	(8,478)	(1,884)
SHAPS deficit contribution paid	(147,000)	(143,000)
Forfeited share capital	(46)	(142)
	<u>1,425,446</u>	<u>1,417,927</u>

**29. 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").

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £5,000 (2015: £5,000).

During the year, management charges of £500 (2015: £500) were recharged by the Association to Aspire for services rendered by the Director of the Association in respect of Aspire.

Pension costs and insurance costs were incurred by the Association in the year in respect of Aspire £6,556 (2015: £7,065) and were recharged in the year.

During the year £20,000 (2015: £37,050) 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.

At the year end £321,387 was owed by Aspire to the Association and is included within debtors (2015: £290,531). Interest of £8,800 was charged in respect of these balances (2015: £nil).

Management Committee

The Association has Management committee members who are also tenants. The total rent received in the year relating to tenant Management committee members is £10,699 (2015: £14,087). The total rent arrears relating to tenant Management Committee members included within debtors at the year end is £nil (2015: £nil). The total rent paid in advance of the year end was £836 (2015: £1,026).

Two Management Committee members own properties which are factored by the Association. Factoring charges for Committee members were £726 (2015: £623). There were no arrears (2015: £nil) at the year-end. There were payments in advance at the year-end of £36 (2015: £nil).



**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**30. Legislative Provisions**

The Association is incorporated in Scotland under the Co-operative and Community Benefit Societies Act 2014.

**31. Transition to FRS102**

The Association has adopted Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for social housing providers (SORP 2014) for the year ended 31 March 2016. This has led to a number of changes in accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS102 the Association does not present an Income and Expenditure Account as was presented in the financial statements to 31 March 2015 as items that previously appeared in this statement is now included in the Statement of Comprehensive Income.

As permitted by FRS102 the Association has renamed the Balance Sheet as the Statement of Financial Position.

As prescribed by FRS102 the Association now prepares a Statement of Changes in Capital and Reserves whereas in the financial statements to 31 March 2015 capital and reserves were analysed as part of the notes to the financial statements.

The cost of housing properties and shared ownership units were restated at deemed cost based on an existing use value at 1 April 2014.

Depreciation on housing properties has been restated to reflect that the charge is no longer net of Government Capital Grants and is now based on gross cost.

The Association held shared equity units where the first tranche was sold prior to 1 April 2014 and the remaining cost and grant were held on the balance sheet at £nil net book value. However on completion of the first tranche sale, the Association's obligation ceases and the cost and grant are derecognised, this has no impact on transition to FRS 102.

Government Capital Grants, due to the restatement of housing properties at deemed cost, were fully recognised in the Revenue Reserve at transition under the performance model. From 1 April 2014, Government Capital Grants are now recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure.

Cash held in deposit accounts greater than three months are no longer shown within cash and cash equivalents and are instead shown within current asset investments. This has no effect on the surplus or reserves at the date of transition.

All employee benefits not paid to the employee at the year-end must be accrued. As such, the Association accrues a monetary value for all unused holidays at the year-end based on the individual employee's salary.

Designated reserves are no longer shown separately in the financial statements and instead are combined with the revenue reserve.

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) pension scheme and makes annual contributions towards the deficit in line with the fund plan. Under FRS102, the future contributions in respect of the deficit must now be shown as a liability on the Statement of Financial Position with the actual payment being released to the Statement of Comprehensive Income as it falls due.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**31. Transition to FRS102 (cont'd)**

<b>Restated Statement of Financial Position as at 1 April 2014</b>	<b>£</b>
Capital reserves at 1 April 2014 as previously stated	1,389,344
Housing and shared ownership properties recognised at deemed cost	(17,484,522)
Government grants transferred to revenue reserves	32,812,264
Recognition of employee benefits	(26,612)
Recognition of the SHAPS past service pension deficit liability	(978,277)
<b>Restated capital and reserves as at 1 April 2014</b>	<b>15,712,197</b>

<b>Restated Statement of Financial Position as at 31 March 2015</b>	<b>£</b>
Capital and reserves as at 31 March 2015 as previously stated	2,108,894
<u>Prior year adjustments</u>	
Housing properties and shared ownership recognised at deemed cost	(17,484,522)
Government grants recognised at deemed cost transferred to revenue reserves	32,812,264
Recognition of employee benefits	(26,612)
Recognition of the SHAPS past service pension deficit liability	(978,277)
<u>In year adjustments</u>	
Restatement of disposals on the basis of deemed cost	(93,317)
Restatement of depreciation on the basis of deemed cost	(129,287)
Release of deferred capital government grant	1,884
SHAPS past service pension deficit movement	(52,000)
Write-off of Stage 3 adaptations previously capitalised	7
<b>Restated capital and reserves as at 31 March 2015</b>	<b>16,159,034</b>

<b>Restated Surplus for the year ended 31 March 2015</b>	<b>£</b>
Surplus for the year ended 31 March 2015 as previously stated	719,667
Restatement of housing properties disposals on the basis of deemed cost	(93,317)
Restatement of depreciation on the basis of deemed cost	(129,287)
Release of deferred capital government grant	1,884
SHAPS past service pension deficit movement	(52,000)
Write-off of Stage 3 adaptations previously capitalised	7
<b>Restated surplus for the year ended 31 March 2015</b>	<b>446,954</b>