

**SCOTT-MONCRIEFF**

EDINBURGH AND GLASGOW

**RUTHERGLEN AND CAMBUSLANG  
HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2010**



# **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

## **Report and Financial Statements For the year ended 31 March 2010**

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### **Registration information**

Financial Services Authority

Industrial and Provident Societies 1965  
Registered number 2029RS

Scottish Housing Regulator

Housing (Scotland) Act 2001  
Registered number 176

**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**

18 Farmeloan Road  
Rutherglen  
Glasgow  
G73 1DL

**Auditors**

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

**Bankers**

Bank of Scotland  
82 Main Street  
Rutherglen  
Glasgow  
G73 2HZ

**Solicitors**

Hart Smith & Company  
43 Crow Road  
Glasgow  
G11 7SH

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

Kelly & Co  
184 Abercromby Street  
Glasgow  
G40 2RZ

**Report of the Management Committee  
For the year ended 31 March 2010**

The Management Committee has pleasure in presenting its report together with the audited accounts for the year ended 31 March 2010.

**Review of Business**

During 2009/10 the main activity of the Association was the ongoing management and maintenance of our housing stock. Only one additional property was added as a result of our development programme in Cathkin. One property was disposed of via a right to buy disposal and we sold our remaining share of one shared ownership property.

Our development programme in Cathkin was completed with the construction of 7 homes which were sold under the Scottish Governments LIFT shared equity scheme. These were sold to owners whose homes were demolished as part of the regeneration programme.

Our planned maintenance programme was also substantially less than in the previous two years which saw record levels of investment in our properties. This was in line with our 30 year life cycle replacement programme and we anticipate that the level of expenditure in this area will remain low until 2015 and 2016 when several major planned replacements are scheduled. A designated reserve will be built up over the next few years to ensure that this level of expenditure can be sustained over that two year period. The continued implementation of our planned maintenance programme will ensure that all of our properties 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 1.88% and our rental loss through voids and bad debts was 0.37%. This compares very favourably with Associations in our peer group and makes us one of the top performers in Scotland.

Our factoring service for owners in tenement properties continues to form a large part of our business and during the year we employed a dedicated factoring officer to improve the efficiency of this service, particularly in the area of arrears management.

During the year the Association started the process of becoming a registered charity. We feel that there are potential benefits flowing from securing charitable status, particularly in connection with the entitlement to various tax reliefs enjoyed by charities. The majority of Registered Social Landlords (RSLs) in Scotland are now registered charities. It is anticipated that this process will be complete by the end of 2010.

**Statement of Committee's Responsibilities**

Housing Association legislation requires the committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee are required to:-

- \* Select suitable accounting policies and then apply them consistently;
- \* Make judgements and estimates that are reasonable and prudent;
- \* State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- \* Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

The committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Management Committee  
For the year ended 31 March 2010**

**Internal Financial Controls**

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

1. the reliability of financial information used within the Association for publication;
2. the maintenance of proper accounting records and;
3. the safeguarding of assets against unauthorised use or disposition.

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

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

The Management Committee has reviewed the effectiveness of the system of internal controls in existence in the Association for the year ended 31 March 2010. No weaknesses were found in the internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements.

**Related Party Transactions**

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

**Auditors**

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

Approved by the Management Committee and signed on their behalf on 14 September 2010 by:



Julie Annan  
Secretary

**Report of the Independent Auditors to the Members of Rutherglen and Cambuslang Housing Association Limited**

We have audited the financial statements consisting of the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Notes to the Cash Flow Statement and Notes to the Financial Statements, which have been prepared under the accounting policies set out in the Notes to the Financial Statements and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

This report is made solely to the Association's members as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of committee and auditors**

As described in the Report of the Management Committee, the Association's Management Committee is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Association are not disclosed.

We report to you whether in our opinion the information given in the Report of the Management Committee is consistent with the financial statements.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**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 2010, because of the immaterial nature of the subsidiary transactions in the year.

**Report of the Independent Auditors to the Members of Rutherglen and Cambuslang Housing Association Limited**

**Opinion**

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Association as at 31 March 2010 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.
- the information given in the Report of the Management Committee is consistent with the financial statements.



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

Dated: 14 September 2010

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

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

**Basis of Opinion**

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

**Opinion**

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



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

Dated: 14 September 2010



**Income and Expenditure Account**  
**For the year ended 31 March 2010**

	Note	2010 £	2009 £
Turnover	2	2,798,907	2,709,597
Less: Operating costs	2	(2,172,024)	(2,555,491)
<b>Operating surplus</b>	2	626,883	154,106
Profit on disposal of fixed assets		5,214	86,693
Interest receivable and other income	5	2,635	20,566
Interest payable and similar charges	6	(324,058)	(543,195)
<b>Surplus/(Deficit) on ordinary activities before taxation</b>		310,674	(281,830)
Tax on ordinary activities	7	(148,228)	(4,142)
		162,446	(285,972)
<b>Exceptional item – Loan to subsidiary written off</b>	25	-	(410,000)
<b>Surplus/(Deficit) for the year</b>		162,446	(695,972)

The results for the year relate wholly to continuing activities.

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

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

Balance Sheet  
As at 31 March 2010

	Note	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties – depreciated cost	8	44,172,190	44,454,585
Less: HAG and development grants	8	(32,468,406)	(32,480,171)
		<hr/>	<hr/>
Other fixed assets	8	11,703,784 156,752	11,974,414 157,841
		<hr/>	<hr/>
		11,860,536	12,132,255
<b>Investments</b>			
Investment in subsidiary	9	100	100
		<hr/>	<hr/>
		11,860,636	12,132,355
<b>Current assets</b>			
Debtors	10	1,197,590	1,460,449
Stock	11	-	-
Cash at bank and in hand		677,637	550,954
Loan to subsidiary		305,000	305,000
		<hr/>	<hr/>
		2,180,227	2,316,403
<b>Creditors: amounts falling due within one year</b>	12	(2,648,367)	(4,177,914)
		<hr/>	<hr/>
<b>Net current (liabilities)</b>		(468,140)	(1,861,511)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		11,392,496	10,270,844
<b>Creditors: amounts falling due after more than one year</b>	13	(10,245,082)	(9,285,897)
		<hr/>	<hr/>
<b>Total net assets</b>		1,147,414	984,947
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	14	201	180
Revenue reserve	16	947,213	984,767
Designated reserve	15	200,000	-
		<hr/>	<hr/>
		1,147,414	984,947
		<hr/>	<hr/>

The financial statements were authorised for issue by the Management Committee on 14 September 2010 and are signed on their behalf by:

Julie Annan

Secretary

Jean Stewart

Vice-Chairperson

Robert McLeary

Treasurer

The notes form part of these financial statements.

Cash Flow Statement  
For the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash inflow/(outflow) from operating activities	1	901,460	(95,017)
Returns on investments and servicing of finance	2	(321,423)	(522,629)
Taxation		(100,557)	(45,234)
Capital expenditure	2	24,068	(1,356,037)
		<u>503,548</u>	<u>(2,018,917)</u>
Financing	2	(376,865)	1,304,677
Increase/(Decrease) in cash	4	<u>126,683</u>	<u>(714,240)</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2010

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

	2010 £	2009 £
Operating surplus	626,883	154,106
Depreciation	252,865	263,868
Decrease/(Increase) in debtors	285,467	(199,260)
(Decrease)/Increase in creditors	(241,147)	228,479
(Increase) in amount due from subsidiary	(22,608)	(132,210)
Exceptional item: Loan to subsidiary written off	-	(410,000)
	<u>901,460</u>	<u>(95,017)</u>

2) Gross Cash Flows

	2010 £	2009 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,635	20,566
Interest paid	(324,058)	(543,195)
	<u>(321,423)</u>	<u>(522,629)</u>

**Capital expenditure**

Purchase and development of housing properties	(37,504)	(1,589,366)
Capital grants received	27,929	72,521
Sale of properties	88,489	214,609
Payments to acquire other tangible fixed assets	(15,152)	(10,072)
Grants repaid	(39,694)	(43,729)
	<u>24,068</u>	<u>(1,356,037)</u>

**Financing**

Forfeit of share capital	(1)	(1)
Shares issued	22	-
Loans repaid	(1,837,962)	(175,598)
Loans drawdown	1,461,076	1,480,276
	<u>(376,865)</u>	<u>1,304,677</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2010

	At 1 April 2009 £	Cash Flow £	Other Changes £	At 31 March 2010 £
<b>3) Analysis of changes in net debt</b>				
Cash in hand, at bank	550,954	126,683	-	677,637
Overdrafts	(1,571,320)	1,571,320	-	-
Debt due within 1 year	(266,642)	(235,249)	-	(501,891)
Debt due after 1 year	(9,285,897)	(959,185)	-	(10,245,082)
	<u>(10,572,905)</u>	<u>503,569</u>	<u>-</u>	<u>(10,069,336)</u>
<b>4) Reconciliation of net cash flow to movement in net debt (Note 3)</b>			<b>2010 £</b>	<b>2009 £</b>
Increase/(decrease) for the year			126,683	(714,240)
Cash used to repay loans			1,837,962	175,598
Loans received			(1,461,076)	(1,480,276)
Change in net debt			<u>503,569</u>	<u>(2,018,918)</u>
Net debt at 1 April 2009			<u>(10,572,905)</u>	<u>(8,553,987)</u>
Net debt at 31 March 2010			<u>(10,069,336)</u>	<u>(10,572,905)</u>

**Notes to the Financial Statements  
For the year ended 31 March 2010**

**1. Accounting policies**

**(a) Introduction and accounting basis**

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

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

**(b) 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.

**(c) 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.

**(d) Social housing grant (SHG)**

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

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

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

Notes to the Financial Statements  
For the year ended 31 March 2010

1. Accounting policies (continued)

(e) Fixed assets - Housing properties

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

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

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

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

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

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

(f) Depreciation

1. Housing properties

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

2. Other fixed assets

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

The following rates have been used:-

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

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

No charge is made in the year of disposal.

**Notes to the Financial Statements  
For the year ended 31 March 2010**

**1. Accounting policies (continued)**

**(g) Designated Reserves (Note 15)**

**1. Major Repairs**

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

**(h) 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.

**(i) Pensions (Note 21)**

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

**(j) Financial Commitments**

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

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

**(k) Consolidation**

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



Notes to the Financial Statements  
For the year ended 31 March 2010

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2010			2009		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
Income and Expenditure From lettings						
Social Lettings (Note 3)	2,629,722	(2,006,829)	622,893	2,464,933	(2,312,146)	152,787
Other activities (Note 4)	169,185	(165,195)	3,990	244,664	(243,345)	1,319
	<u>2,798,907</u>	<u>(2,172,024)</u>	<u>626,883</u>	<u>2,709,597</u>	<u>(2,555,491)</u>	<u>154,106</u>

## RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Notes to the financial statements  
For the year ended 31 March 2010

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2010 Total £	2009 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	2,518,936	44,913	25,105	2,588,954	2,425,365
Service charges	43,987	-	-	43,987	41,856
	<u>2,562,923</u>	<u>44,913</u>	<u>25,105</u>	<u>2,632,941</u>	<u>2,467,221</u>
Gross income from rents and service charges	(3,219)	-	-	(3,219)	(2,288)
Less voids					
<b>Net income from rents and service charges</b>	<u>2,559,704</u>	<u>44,913</u>	<u>25,105</u>	<u>2,629,722</u>	<u>2,464,933</u>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
	<u>2,559,704</u>	<u>44,913</u>	<u>25,105</u>	<u>2,629,722</u>	<u>2,464,933</u>
<b>Total turnover from social letting activities</b>					
<b>Expenditure</b>					
Management and maintenance administration costs	(865,369)	(44,913)	(23,069)	(933,351)	(836,847)
Service charges	(43,987)	-	-	(43,987)	(41,856)
Planned cyclical maintenance including major repairs	(332,529)	-	-	(332,529)	(774,985)
Reactive maintenance costs	(411,030)	-	-	(411,030)	(379,127)
Ground maintenance	(42,857)	-	-	(42,857)	(39,282)
Bad debts – rents and service charges	(6,451)	-	-	(6,451)	(2,789)
Depreciation of social housing	(234,588)	-	(2,036)	(236,624)	(237,260)
	<u>(1,936,811)</u>	<u>(44,913)</u>	<u>(25,105)</u>	<u>(2,006,829)</u>	<u>(2,312,146)</u>
<b>Operating costs for social letting activities</b>					
<b>Operating Surplus on letting activities, 2010</b>	<u>622,893</u>	<u>-</u>	<u>-</u>	<u>622,893</u>	
<b>Operating Surplus on letting activities, 2009</b>	<u>152,787</u>	<u>-</u>	<u>-</u>		<u>152,787</u>

## Notes to the financial statements for the year ended 31 March 2010

## 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 2010	Operating costs 2010	Surplus/ (Deficit) 2010	Total Turnover 2009	Operating costs 2009	Surplus/ (Deficit) 2009
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	19,604	19,604	(12,701)	6,903	13,875	(11,820)	2,055
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	22,452	22,452	(22,452)	-	21,554	(21,554)	-
Development and construction of property activities	-	-	-	-	-	(2,771)	(2,771)	4,465	(5,201)	(736)
Supporting people	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	2,080	2,080	(2,080)	-	4,770	(4,770)	-
Developments for sale to RSLs and non RSLs	-	-	-	-	-	-	-	-	-	-
Nursery Grant received on behalf of Aspire and then paid out to Aspire	92,422	-	-	-	92,422	(92,422)	-	200,000	(200,000)	-
LIFT Allowances	-	32,627	-	-	32,627	(32,627)	-	-	-	-
Other activities	-	-	-	-	-	(142)	(142)	-	-	-
Total from other activities- 2010	92,422	32,627	-	44,136	169,185	(165,195)	3,990			
Total from other activities- 2009	204,465	-	-	40,199				244,664	(243,345)	1,319

# 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 2010

<b>5. Interest Receivable and Other Income</b>	<b>2010 £</b>	<b>2009 £</b>
Interest receivable on deposits	<u>2,635</u>	<u>20,566</u>
<b>6. Interest payable and similar charges</b>	<b>2010 £</b>	<b>2009 £</b>
Loan interest	<u>324,058</u>	<u>543,195</u>
<b>7. Taxation</b>	<b>2010 £</b>	<b>2009 £</b>
UK corporation tax – current year	<u>148,228</u>	<u>4,142</u>

Notes to the Financial Statements  
For the year ended 31 March 2010

8. Tangible Fixed Assets

	Housing Properties Held for Letting £	Shared Ownership Properties £	Housing Properties Under Development £	Office and Commercial Property £	Furniture Fittings & Equipment £	Total £
<b>Cost</b>						
At 1 April 2009	45,169,587	392,007	353,715	153,790	136,205	46,205,304
Additions	37,504	-	-	-	15,152	52,656
Transfers between categories	-	-	-	-	-	-
Disposals	(50,978)	(32,297)	-	-	-	(83,275)
At 31 March 2010	45,156,113	359,710	353,715	153,790	151,357	46,174,685
<b>HAG and Other Grants</b>						
At 1 April 2009	32,256,812	144,962	78,397	-	-	32,480,171
Received during year	27,929	-	-	-	-	27,929
Transfers between categories	-	-	-	-	-	-
Remitted and eliminated on disposals	(25,803)	(13,891)	-	-	-	(39,694)
At 31 March 2010	32,258,938	131,071	78,397	-	-	32,468,406
<b>Depreciation</b>						
At 1 April 2009	1,427,495	33,229	-	9,225	122,929	1,592,878
Charge for year	234,588	2,036	-	3,075	13,166	252,865
On disposals	-	-	-	-	-	-
At 31 March 2010	1,662,083	35,265	-	12,300	136,095	1,845,743
<b>Net Book Value</b>						
At 31 March 2010	11,235,092	193,374	275,318	141,490	15,262	11,860,536
At 31 March 2009	11,485,280	213,816	275,318	144,565	13,276	12,132,255

Development administration costs capitalised amounted to £nil (2009 - £63,207) for which Social Housing Grants amounting to £nil (2009:£nil) were received in the year.

**Notes to the Financial Statements**  
**For the year ended 31 March 2010**

<b>9. Investment in Subsidiary Company</b>	<b>2010 £</b>	<b>2009 £</b>
Shares in subsidiary company	<u>100</u>	<u>100</u>
<p>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.</p> <p>The 2009 subsidiary company accounts show a net asset position of £487,183 and a surplus for the year of £436,630. The audited accounts to 31 March 2010 are not yet available.</p>		
<b>10. Debtors</b>	<b>2010 £</b>	<b>2009 £</b>
Rental arrears	49,611	59,930
Less: Provision for bad and doubtful debts	-	-
	<u>49,611</u>	<u>59,930</u>
Receivable from participant owners	251,246	251,246
Less: Provision for bad and doubtful debts	(11,425)	(11,425)
	<u>239,821</u>	<u>239,821</u>
Due from subsidiary	201,820	179,212
Factoring arrears	156,130	256,556
Prepayments	55,428	247,768
Grant receivable under Section 54 of the Housing Act 1988	203,620	203,620
Housing Association Grant receivable	80,366	52,415
Scottish Government – Homestake	121,984	132,317
Scottish Government – HAG	88,810	88,810
	<u>1,197,590</u>	<u>1,460,449</u>
<b>11. Stock</b>	<b>2010 £</b>	<b>2009 £</b>
Homestake / LIFT - Cost	1,052,525	571,571
Homestake / LIFT - HAG	(1,052,525)	(571,571)
	<u>-</u>	<u>-</u>
<b>12. Creditors: amounts falling due within one year</b>	<b>2010 £</b>	<b>2009 £</b>
Housing Loans (note 13)	501,891	266,642
Development overdraft	-	1,571,320
Accruals	176,309	169,169
Deferred income	77,500	77,500
Other taxation and social security	13,199	13,379
Other creditors	385,277	647,275
Corporation tax	152,350	104,679
Scottish Government – Homestake	44,969	44,969
Scottish Government – Current Account	299,176	299,176
Housing Association Grant repayable	997,696	983,805
	<u>2,648,367</u>	<u>4,177,914</u>

Notes to the Financial Statements  
For the year ended 31 March 2010

<b>13. Creditors: amounts falling due outwith one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Loans:		
Due between one and two years	501,891	266,642
Due between two and five years	1,505,673	799,927
Due in five years or more	8,237,518	8,219,328
	<u>10,245,082</u>	<u>9,285,897</u>
Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.		
<b>14. Share Capital</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At beginning of year	180	181
Shares of £1 each fully paid and issued during the year	22	-
Shares forfeited in year	(1)	(1)
At end of year	<u>201</u>	<u>180</u>
<b>15. Designated Reserve</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b><u>Major Repairs</u></b>		
At beginning of year	-	-
Transfer from revenue reserve (note 16)	200,000	-
At end of year	<u>200,000</u>	<u>-</u>
<b>16. Revenue Reserves</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 1 April 2009	984,767	1,680,739
Surplus/(deficit) for the year	162,446	(695,972)
	<u>1,147,213</u>	<u>984,767</u>
Transfer (to) designated reserves (note 15)	(200,000)	-
At 31 March 2010	<u>947,213</u>	<u>984,767</u>

Notes to the Financial Statements  
For the year ended 31 March 2010

**17. 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.

	2010 £	2009 £
Emoluments (excluding pension Contributions) of Director	<u>52,200</u>	<u>51,302</u>
	2010 £	2009 £
Total management committee and director expenses reimbursed in so far as not chargeable to income tax	<u>9,105</u>	<u>7,687</u>

The Director is a member of the Association's pension scheme described in note 21. The Director's pension contribution in the year to 31 March 2010 was £8,039 (2009: £7,901)

**18. Employee Information**

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

	2010 No	2009 No
	<u>18</u>	<u>18</u>
	2010 £	2009 £
Staff costs (including Director's Emoluments):		
Wages and salaries	549,728	526,969
Social security costs	45,300	43,019
Pension costs (note 21)	71,861	69,695
	<u>666,889</u>	<u>639,683</u>

**19. Operating Surplus**

Operating surplus is stated after charging:  
Depreciation

Auditors' remuneration (including VAT)  
- In their capacity as auditors  
- In respect of other services

	2010 £	2009 £
	252,865	263,868
	12,000	11,000
	<u>4,500</u>	<u>3,950</u>



Notes to the Financial Statements  
For the year ended 31 March 2010

20. Capital Commitments	2010 £	2009 £
Contracted but not provided	-	977,581
To be funded by:		
Grants from the Scottish Government	-	513,581
Private Finance	-	-
Association' own reserves	-	-
Private Owners	-	464,000
Contracted but not provided	-	977,581

## 21. Pensions

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

The Scheme operated with a single benefit structure which was final salary scheme with a 1/60<sup>th</sup> accrual rate. From April 2009 there were three benefit structures available, 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.

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 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 1/60<sup>th</sup> accrual rate benefit structure for active members as at 1 April 2009 and the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for new entrants from 1 April 2009.

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

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

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

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

**Notes to the Financial Statements**  
**For the year ended 31 March 2010**

**21. Pensions (continued)**

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared to liabilities of £54 million (equivalent to a past service funding level of 83%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. 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 2006.

**Financial Assumptions**

The financial assumptions underlying the valuation were as follows:-	% pa
- Investment return pre retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
Pension accrued pre 6 April 2005	2.6
Pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	2.6

**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:

**Notes to the Financial Statements**  
**For the year ended 31 March 2010**

**21. Pensions (continued)**

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 60ths	17.8% Comprising employer contributions of 10.1% and member contributions of 7.7%
Career average 60ths	14.6% Comprising employer contributions of 8.0% and member contributions of 6.6%
Career average 70ths	12.6% Comprising employer contributions of 6.6% and member contributions of 6.0%

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.

Following consideration of the results of the valuation it was agreed that the shortfall of £54 million would be dealt with by the payment of additional employer contributions of 5.3% of pensionable salaries with effect from 1 April 2009. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2009, for each of the benefit structures was:

Benefit structure	Joint contribution rate (% of pensionable salaries)
Final salary 60ths	23.1% Comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% Comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% Comprising employer contributions of 11.9% and member contributions of 6.0%

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an ongoing funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

**Notes to the Financial Statements**  
**For the year ended 31 March 2010**

**21. Pensions (continued)**

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 2009. As of this date the estimated employer debt for the Association was £3,051,905.

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.

The actuarial results for the triennial valuation performed as at 30 September 2009 are due out in the Autumn. The provisional results show a deficit of £160.1 million. The funding position of the Scheme has deteriorated to 64.8% as at 30 September 2009.

**22. Housing Stock**

The number of units of housing accommodation available for let at 31 March 2010 was:

	Units in management	
	2010	2009
General Needs Housing	817	817
Supported Housing Accommodation	4	4
	<hr/>	<hr/>
	821	821
Shared ownership Accommodation	14	15
	<hr/>	<hr/>
	835	836
	<hr/>	<hr/>

**23. Commercial Units**

The number of commercial units available for let at 31 March 2010 was:

	Units in management	
	2010	2009
Lock ups	35	35
Shops	3	3
	<hr/>	<hr/>
	38	38
	<hr/>	<hr/>

Notes to the Financial Statements  
For the year ended 31 March 2010

24. Operating Lease Commitments

	2010 Office Equipment £	2009 Office Equipment £
Operating leases which expire:		
Within one year	-	3,976
Within one to five years	8,958	4,286
Over five years	-	-
	<hr/>	<hr/>
	8,958	8,262
	<hr/>	<hr/>

25. Related Party Transactions

Aspire Community Development Company Limited

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

The Scottish Government paid £92,422 (2009: £200,000) to the Association in respect of a nursery project run by Aspire. The Association transferred the £92,422 (2009: £200,000) grant over to Aspire during the year. This is shown in note 4 of the accounts.

During the year caretaker costs of £1,000 (2009: £660) were recharged by the Association to Aspire. No pension costs were incurred by the Association on behalf of Aspire (2009: £5,550). Other sundry costs incurred by the Association amounted to £1,608 (2009: £nil). These costs were recharged to Aspire in the year.

£20,000 (2009: £nil) was transferred over to Aspire in the year. This is included within the amount outstanding at the year end.

At 31 March 2010 the balance owed by Aspire to the Association was a loan of £305,000 (2009: £305,000) and an intercompany debt of £201,820 (2009: £179,212).

In 2009, £410,000 was written off the intercompany balance owed by Aspire in respect of a contribution made by the Association towards the cost of Caledonia House which was built by Aspire to help provide services to the local community. There was no such write off in 2010.

26. Legislative Provisions

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