

**RUTHERGLEN AND CAMBUSLANG
HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements
For the year ended 31 March 2012**

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2012

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Registration information

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

Officers and Professional Advisers

Director

Dave Anderson

Chairperson of Committee

Geraldine Baird

Vice-Chairperson

Jean Stewart

Secretary

Julie Annan

Treasurer

Robert McLeary

Committee Members

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

Registered Office

Aspire Business Centre
16 Farmeloa 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 2012**

The Management Committee has pleasure in presenting its report together with the audited accounts for the year ended 31 March 2012.

Review of Business

The year to 31st March 2012 saw a net loss in the Association's housing stock from 814 to 813 properties. This reflects the lack of investment available to the Association to develop new homes for rent as public expenditure and subsidy levels are cut. Demand for our properties remains high with 768 people or households on our waiting list but, with only 42 relets during the year.

The Association did, however, have some success in attracting Government funding through the Innovation and Investment Fund to build 29 houses and flats in the Overton Road Area of Halfway in Cambuslang. This project will go on site in the autumn of 2012 and completion is scheduled for October 2013.

During the year the Association applied to the Scottish Government for an extension to the suspension of the Modernised Right to Buy from September 2012 to September 2022. Our application was successful and this will mean that 647 of our properties will be protected from the Right to Buy for the foreseeable future.

The Association continued its planned and cyclical maintenance programme which will ensure that all of our stock, with a handful of exemptions, will meet the Scottish Housing Quality Standard by 2015. Our investment was lower than it has been in recent years with an overall investment of £118,286 but this was in accordance with our programme.

The Association's performance in effectively managing its stock continues to be excellent. Our overall arrears figure during the year was 1.94% and our rental loss through voids and bad debts was 0.15%.

The surplus for the year on ordinary activities was £416,831 and this will add to our revenue reserve which will ensure that we will have sufficient resources in the future to invest in our stock.

Statement of Management Committee's Responsibilities

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

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

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

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

Component accounting

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment which is detailed at note 28. The introduction of component accounting ensures the major components of the Association's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component will be capitalised in the balance sheet with the item replaced being disposed of from the balance sheet. This enables the financial statements to better reflect the use of the component over its life cycle.

**Report of the Management Committee
For the year ended 31 March 2012**

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 2012. 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 4 September 2012 by:



Julie Annan
Secretary

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

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2012 which comprise the Income and Expenditure Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by registered social housing providers issued in 2010.

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

Respective responsibilities of the Management Committee and auditors

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

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

Scope of the audit of the financial statements

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

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

We agree with the opinion of the Committee of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary in group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2012, because of the immaterial nature of the subsidiary's transactions in the year.

Report of the Independent Auditors

To the members of Rutherglen and Cambuslang Housing Association Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by registered social housing providers issued in 2010;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

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

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



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

Dated: 4 September 2012

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: 4 September 2012

Income and Expenditure Account
For the year ended 31 March 2012

	Note	2012 £	2011 <i>As restated</i> £
Turnover	2	2,847,833	2,728,907
Less: Operating costs	2	(2,112,493)	(2,115,091)
Operating surplus	2	735,340	613,816
Profit on disposal of fixed assets		20,781	139,222
Interest receivable and other income	5	754	903
Interest payable and similar charges	6	(340,792)	(308,472)
Surplus on ordinary activities before taxation		416,083	445,469
Tax on ordinary activities	7	748	(133,345)
Surplus for the year		<u>416,831</u>	<u>312,124</u>

The results for the year relate wholly to continuing activities.

**Statement of Total Recognised Gains and Losses
For the year ended 31 March 2012**

	Note	2012 £	2011 restated £
Surplus for the year		416,831	312,124
Prior year adjustment	28	(1,431,842)	-
		<u>(1,015,011)</u>	<u>312,124</u>

Balance Sheet
As at 31 March 2012

	Note	2012 £	2011 As restated £
Tangible fixed assets			
Housing properties – depreciated cost	8	41,617,391	41,955,735
Less: HAG and development grants	8	(32,695,631)	(31,860,656)
		<u>8,921,760</u>	<u>10,095,079</u>
Other fixed assets	8	167,559	171,497
		<u>9,089,319</u>	<u>10,266,576</u>
Investments			
Investment in subsidiary	9	100	100
Fixed asset investments	11	-	-
		<u>9,089,419</u>	<u>10,266,676</u>
Current assets			
Debtors	10	1,023,471	1,280,831
Cash at bank and in hand		417,099	642,207
Loan to subsidiary		305,000	305,000
		<u>1,745,570</u>	<u>2,228,038</u>
Creditors: amounts falling due within one year	12	(824,090)	(2,518,513)
Net current assets/(liabilities)		<u>921,480</u>	<u>(290,475)</u>
Total assets less current assets/(liabilities)		<u>10,010,899</u>	<u>9,976,201</u>
Creditors: amounts falling due after more than one year			
	13	(9,458,758)	(9,840,160)
Provision for liabilities	14	-	(748)
		<u>552,141</u>	<u>135,293</u>
Total net assets		<u><u>552,141</u></u>	<u><u>135,293</u></u>
Capital and reserves			
Share capital	15	244	227
Revenue reserve	17	351,897	(64,934)
Designated reserve	16	200,000	200,000
		<u>552,141</u>	<u>135,293</u>

The financial statements were authorised for issue by the Management Committee on 4 September 2012 and are signed on its behalf by:

Geraldine Baird

Chairperson

Geraldine Baird

Julie Annan

Secretary

Julie Annan

Robert McLeary

Treasurer

Robert McLeary

The notes form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2012

	Notes	2012 £	2011 <i>As restated</i> £
Net cash inflow from operating activities	1	(119,144)	814,237
Returns on investments and servicing of finance	2	(340,038)	(307,569)
Taxation		(132,306)	(152,641)
Capital expenditure	2	809,011	13,439
		<u>217,523</u>	<u>367,466</u>
Financing	2	(442,631)	(402,896)
(Decrease)/Increase in cash	4	<u>(225,108)</u>	<u>(35,430)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2012

1) Reconciliation of Surplus for Year to Net Cash Inflow from Operating Activities	2012	2011
	£	As restated £
Operating surplus	735,340	613,816
Depreciation	389,027	395,472
Decrease/(Increase) in debtors	440,548	(81,358)
(Decrease) in creditors	(1,500,871)	(111,810)
(Increase) in amount due from subsidiary	(183,188)	(1,883)
	<u>(119,144)</u>	<u>814,237</u>
2) Gross Cash Flows	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	754	903
Interest paid	(340,792)	(308,472)
	<u>(340,038)</u>	<u>(307,569)</u>
Capital expenditure		
Purchase and development of housing properties	(291,825)	(270,688)
Capital grants received	878,411	123,149
Sale of properties	249,593	205,721
Payments to acquire other tangible fixed assets	(17,748)	(36,136)
Grants repaid	(9,420)	(8,607)
	<u>809,011</u>	<u>13,439</u>
Financing		
Forfeit of share capital	(8)	-
Shares issued	25	26
Loans repaid	(442,648)	(402,922)
Loans drawdown	-	-
	<u>(442,631)</u>	<u>(402,896)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2012

3) Analysis of changes in net debt	At 31 March 2011 £	Cash Flow £	Other Changes £	At 31 March 2012 £
Cash in hand, at bank	642,207	(225,108)	-	417,099
Debt due within 1 year	(503,891)	-	61,246	(442,645)
Debt due after 1 year	(9,840,160)	442,648	(61,246)	(9,458,758)
	<u>(9,701,844)</u>	<u>217,540</u>	<u>-</u>	<u>(9,484,304)</u>
4) Reconciliation of net cash flow to movement in net debt (Note 3)			2012 £	2011 £
(Decrease)/increase for the year			(225,108)	(35,430)
Cash used to repay loans			442,648	402,922
Loans received			-	-
			<u>217,540</u>	<u>367,492</u>
Change in net debt			(9,701,844)	(10,069,336)
Net debt at 1 April 2011			<u>(9,701,844)</u>	<u>(10,069,336)</u>
Net debt at 31 March 2012			<u>(9,484,304)</u>	<u>(9,701,844)</u>

**Notes to the Financial Statements
For the year ended 31 March 2012**

1. Accounting policies

(a) Introduction and accounting basis

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

These financial statements are prepared under the historical cost convention in accordance with applicable accounting standards, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers 2010.

(b) Going concern

The Management Committee anticipate that a surplus will be generated in the years to 31 March 2013 and 31 March 2014. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

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

(d) Loans

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

(e) Social housing grant (SHG)

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

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

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

Notes to the Financial Statements
For the year ended 31 March 2012

1. Accounting policies (continued)

(f) Fixed assets - Housing properties

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

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

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

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

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

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

(g) Depreciation

1. Housing properties

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

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

2. Other fixed assets

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

**Notes to the Financial Statements
For the year ended 31 March 2012**

(g) Depreciation (continued)

2. Other fixed assets (continued)

The following rates have been used:-

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

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

3. Investment property

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

(h) Designated Reserves (Note 16)

1. **Major Repairs**

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

(i) Apportionment of management expenses

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

(j) Pensions (Note 22)

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

(k) Financial Commitments

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

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

(l) Consolidation

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2012

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2012		2011	
	Turnover	Operating Costs	Turnover	Operating Costs
	£	£	£	£
Income and Expenditure From lettings				
Social Lettings (Note 3)	2,794,473	(2,075,796)	2,685,024	(2,081,258)
Other activities (Note 4)	53,360	(36,697)	43,883	(33,833)
	<u>2,847,833</u>	<u>(2,112,493)</u>	<u>2,728,907</u>	<u>(2,115,091)</u>
		<u>735,340</u>		<u>613,816</u>
				<u>603,766</u>
				<u>10,050</u>

Notes to the financial statements
For the year ended 31 March 2012

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2012 Total £	2011 As restated Total £
Income from rent and service charges					
Rent receivable net of service charges	2,683,198	48,143	24,681	2,756,022	2,643,582
Service charges	42,720	-	-	42,720	43,416
Gross income from rents and service charges	2,725,918	48,143	24,681	2,798,742	2,686,998
Less voids	(4,269)	-	-	(4,269)	(1,974)
Net income from rents and service charges	2,721,649	48,143	24,681	2,794,473	2,685,024
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	2,721,649	48,143	24,681	2,794,473	2,685,024
Expenditure					
Management and maintenance administration costs	(1,079,333)	(48,143)	(22,938)	(1,150,414)	(1,074,915)
Service charges	(42,720)	-	-	(42,720)	(43,416)
Planned cyclical maintenance including major repairs	(118,286)	-	-	(118,286)	(250,523)
Reactive maintenance costs	(356,104)	-	-	(356,104)	(295,732)
Ground maintenance	(35,842)	-	-	(35,842)	(39,534)
Bad debts – rents and service charges	(5,089)	-	-	(5,089)	(3,057)
Depreciation of social housing	(365,598)	-	(1,743)	(367,341)	(374,081)
Operating costs for social letting activities	(2,002,972)	(48,143)	(24,681)	(2,075,796)	(2,081,258)
Operating Surplus on letting activities, 2012	718,677	-	-	718,677	603,766
Operating Surplus on letting activities, 2011	603,766	-	-	603,766	603,766

Notes to the financial statements for the year ended 31 March 2012

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 2012	Operating costs 2012	Surplus 2012	Total Turnover 2011	Operating costs 2011	Surplus 2011
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	22,114	22,114	(6,451)	15,663	21,996	(11,946)	10,050
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	30,246	30,246	(30,246)	-	21,887	(21,887)	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Supporting people	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs and non RSLs	-	-	-	-	-	-	-	-	-	-
Management charge to subsidiary	-	-	-	1,000	1,000	-	1,000	-	-	-
Other activities	-	-	-	-	-	-	-	-	-	-
Total from other activities- 2012	-	-	-	53,360	53,360	(36,697)	16,663	-	-	-
Total from other activities- 2011	-	-	-	43,883	43,883	-	-	43,883	(33,833)	10,050

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 2012

5. Interest Receivable and Other Income	2012	2011
	£	£
Interest receivable on deposits	754	903
	<u>754</u>	<u>903</u>
6. Interest payable and similar charges	2012	2011
	£	£
Loan interest	340,792	308,472
	<u>340,792</u>	<u>308,472</u>
7. Taxation	2012	2011
	£	£
UK corporation tax – current year	-	132,306
Under provision for tax in prior year	-	291
Deferred tax (Note 14)	(748)	748
	<u>(748)</u>	<u>133,345</u>
	<u>(748)</u>	<u>133,345</u>

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED
**Notes to the Financial Statements
For the year ended 31 March 2012**
8. Tangible Fixed Assets

	Housing Properties Held for Letting	Shared Ownership Properties	Housing under the course of construction	Investment Property	Leasehold improvements	Furniture Fittings & Equipment	Total
	£	£	£	£	£	£	£
Cost							
As at 1 April 2011	45,346,846	335,117	353,715	138,415	481	187,012	46,361,586
Prior year adjustment	192,078	-	-	-	-	-	192,078
Additions							
Disposals	45,538,924	335,117	353,715	138,415	481	187,012	46,553,664
	143,276	-	148,549	-	-	17,748	309,573
	(369,967)	(25,776)	-	-	-	-	(395,745)
At 31 March 2012	45,312,233	309,339	502,264	138,415	481	204,760	46,467,492
HAG and Other Grants							
As at 1 April 2011	32,382,087	122,464	78,397	-	-	-	32,582,948
Prior year adjustment	(722,292)	-	-	-	-	-	(722,292)
Restated HAG and Other Grants							
Received in year	31,659,795	122,464	78,397	-	-	-	31,860,656
Remitted and eliminated on disposals	755,824	(9,420)	122,587	-	-	-	878,411
	(34,016)	-	-	-	-	-	(43,436)
At 31 March 2012	32,381,603	113,044	200,984	-	-	-	32,695,631
Depreciation							
As at 1 April 2011	1,888,801	37,008	-	-	-	154,411	2,080,220
Prior year adjustment	2,346,212	-	-	-	-	-	2,346,212
Restated Depreciation							
Charge for year	4,235,013	37,008	-	-	-	-	4,426,432
Transferred to investment property	365,598	1,743	-	-	-	21,686	389,027
On disposals	(130,070)	(2,847)	-	-	-	-	(132,917)
At 31 March 2012	4,470,541	35,904	-	-	-	176,097	4,682,542
Net Book Value							
At 31 March 2012	8,460,089	160,391	301,280	138,415	481	28,663	9,089,319
At 31 March 2011 restated	9,644,116	175,645	275,318	138,415	481	32,601	10,266,576

Development administration costs capitalised amounted to £23,466 (2011- £31,661) for which Social Housing Grants amounting to £5,105 (2011: nil) were received in the year.

Notes to the Financial Statements
For the year ended 31 March 2012

9. Investment in Subsidiary Company	2012	2011
	£	£
Shares in subsidiary company	100	100
	<u> </u>	<u> </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 2012 subsidiary company accounts show a net liabilities position of £55,230 and a loss for the year of £139,236.</p>		
10. Debtors	2012	2011
	£	£
Rental arrears	54,150	38,082
Less: Provision for bad and doubtful debts	(5,089)	-
	<u> </u>	<u> </u>
	49,061	38,082
Receivable from participant owners	-	251,246
Less: Provision for bad and doubtful debts	-	(11,425)
	<u> </u>	<u> </u>
	-	239,821
Amounts owed by subsidiary	386,891	203,703
Factoring arrears	19,920	127,028
Prepayments	327,907	205,368
Grant receivable under Section 54 of the Housing Act 1988	-	203,620
Housing Association Grant receivable	28,898	52,415
Scottish Government – Homestake	121,984	121,984
Scottish Government – HAG	88,810	88,810
	<u> </u>	<u> </u>
	1,023,471	1,280,831
	<u> </u>	<u> </u>
11. Fixed Asset Investment	2012	2011
	£	£
LIFT - Cost	1,013,214	1,013,214
LIFT - HAG	(1,013,214)	(1,013,214)
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>
12. Creditors: amounts falling due within one year	2012	2011
	£	£
Housing Loans (note 13)	442,645	503,891
Accruals	44,028	149,019
Deferred income	-	77,500
Other taxation and social security	13,345	-
Other creditors	203,456	305,349
Corporation tax	-	132,306
Scottish Government – Homestake	44,969	44,969
Scottish Government – Current Account	-	299,176
Housing Association Grant repayable	75,647	1,006,303
	<u> </u>	<u> </u>
	824,090	2,518,513
	<u> </u>	<u> </u>

Included in other creditors is £12,398 (2011: £10,053) in respect of outstanding pension contributions.

Notes to the Financial Statements
For the year ended 31 March 2012

13. Creditors: amounts falling due outwith one year	2012 £	2011 £
Loans:		
Due between one and two years	442,645	507,792
Due between two and five years	1,446,257	1,550,986
Due in five years or more	7,569,856	7,781,382
	<u>9,458,758</u>	<u>9,840,160</u>
<p>Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.</p>		
14. Provision for liabilities	2012 £	2011 £
Deferred tax:		
At start of year	748	-
Fixed asset timing differences	-	2,494
Other short term timing differences	-	(1,746)
Released	(748)	-
	<u>-</u>	<u>748</u>
At end of year	<u>-</u>	<u>748</u>
15. Share Capital	2012 £	2011 £
At beginning of year	227	201
Shares of £1 each fully paid and issued during the year	25	26
Shares forfeited in year	(8)	-
	<u>244</u>	<u>227</u>
At end of year	<u>244</u>	<u>227</u>
16. Designated Reserve	2012 £	2011 £
<u>Major Repairs</u>		
At beginning of year	200,000	200,000
Transfer from revenue reserve (note 17)	-	-
	<u>200,000</u>	<u>200,000</u>
At end of year	<u>200,000</u>	<u>200,000</u>
17. Revenue Reserves	2012 £	2011 £
At 1 April 2011	(64,934)	947,213
Prior year adjustment (Note 28)	-	(1,324,271)
	<u>(64,934)</u>	<u>(377,058)</u>
As restated	416,831	312,124
Surplus for the year	<u>351,897</u>	<u>(64,934)</u>
Transfer (to) designated reserves (note 16)	-	-
At 31 March 2012	<u>351,897</u>	<u>(64,934)</u>

Notes to the Financial Statements
For the year ended 31 March 2012

18. Directors' emoluments

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

	2012 £	2011 £
Emoluments (excluding pension Contributions) of Director	<u>53,924</u>	<u>53,374</u>
	2012 £	2011 £
Total management committee and director and staff expenses reimbursed in so far as not chargeable to income tax	<u>11,927</u>	<u>8,830</u>

The Director is a member of the Association's pension scheme described in note 22. The Director's pension contribution in the year to 31 March 2012 was £10,354 (2011: £8,220)

19. Employee Information

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

	2012 No	2011 No
	<u>17</u>	<u>18</u>
	2012 £	2011 £
Staff costs (including Director's Emoluments):		
Wages and salaries	529,663	559,773
Social security costs	44,280	44,776
Pension costs (note 22)	98,132	76,578
	<u>672,075</u>	<u>681,127</u>

20. Operating Surplus

Operating surplus is stated after charging:
Depreciation

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

	2012 £	2011 £
Depreciation	389,027	395,472
Auditors' remuneration (including VAT)		
- In their capacity as auditors	10,000	10,000
- In respect of other services	2,382	2,500
	<u>12,409</u>	<u>12,500</u>

**Notes to the Financial Statements
For the year ended 31 March 2012**

21. Capital Commitments	2012 £	2011 £
Contracted but not provided	2,612,413	-
To be funded by:		
Grants from the Scottish Government	1,065,974	-
Private Finance	1,051,439	-
Association's own reserves	495,000	-
Contracted but not provided	2,612,413	-

22. Pensions

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

The Scheme offers five benefit structures to employers, namely:

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

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

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

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

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

During the accounting period, Rutherglen and Cambuslang Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

In addition a payment of £55,023 (2011: £nil) was made in the year in respect of a past service deficit contribution.

As at the balance sheet date there were 15 active members of the Scheme employed by Rutherglen and Cambuslang Housing Association Limited. Rutherglen and Cambuslang Housing Association Limited continues to offer membership of the Scheme to its employees.

**Notes to the Financial Statements
For the year ended 31 March 2012**

22. Pensions (continued)

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

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

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

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

Financial Assumptions

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

Notes to the Financial Statements
For the year ended 31 March 2012

22. Pensions (continued)

Valuation results

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

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

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

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

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 2011. As of this date the estimated employer debt for the Association was £3,846,675.

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

Notes to the Financial Statements
For the year ended 31 March 2012

23. Housing Stock

The number of units of housing accommodation available for let at 31 March 2012 was:

	Units in management	
General Needs Housing	813	814
Supported Housing Accommodation	4	4
	817	818
Shared ownership Accommodation	12	13
	829	831

24. Commercial Units

The number of commercial units available for let at 31 March 2012 was:

	Units in management	
	2012	2011
Lock ups	35	35
Shops	3	3
	38	38

25. Operating Lease Commitments

	2012		2011	
	Land and Buildings £	Office Equipment £	Land and Buildings £	Office Equipment £
Operating leases which expire:				
Within one year	98,034	4,378	98,034	-
Within one to five years	-	8,860	-	13,238
Over five years	-	-	-	-
	98,034	13,238	98,034	13,238

26. Related Party Transactions

Aspire Community Development Company Limited

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

During the year, rental charges of £98,034 including VAT (2011: £85,440) were recharged by Aspire to the Association for the rent of office premises in respect of 2011/12. This was paid in advance at 31 March 2011 and was included within prepayments at the end of the prior year. No such amount is included in prepayments in the current year.

During the year, management charges of £1,000 (2011: £nil) were recharged by the Association to Aspire for services rendered by the Director of the Association in respect of Aspire.

**Notes to the Financial Statements
For the year ended 31 March 2012**

26. Related Party Transactions (continued)

Expenditure was incurred by the Association in the year in respect of Aspire. These costs were recharged in the year.

£165,000 (2011: £nil) was transferred over to Aspire in the year to help with its cashflow. This is included within the intercompany debtor outstanding at the year end.

At 31 March 2012 the balance owed by Aspire to the Association was a loan of £305,000 (2011: £305,000) and an intercompany debt of £386,891 (2011: £203,703). No interest was charged in respect of these balances (2011: none).

27. Legislative Provisions

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

28. Prior year adjustment

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment.

The principle of component accounting is to treat major components of an asset as if each component is a separate asset in its own right and depreciate the components over their individual useful economic lives. It follows therefore, that when a component is replaced, the old component is written off, in order to avoid double counting, with the new component capitalised and then amortised over its expected useful life.

The effect of this change in accounting policy on the 2011 financial statements is shown below. The 2011 opening reserves have decreased by £1,324,271 of which £2,382,862 relates to increased depreciation and £1,058,591 relates to major repairs previously written off to the Income and Expenditure account now capitalised as components. This change in accounting policy has also reduced the 2010/11 surplus by £107,571. This was due to an increase in the depreciation charge of £136,545 less £28,974 of previously expensed repairs now capitalised.

	£
Decrease in 2011 opening reserves	(1,324,271)
Increase in 2010/11 surplus	(107,571)
	<hr/>
Decrease in income and Expenditure reserve	(1,431,842)
	<hr/> <hr/>