

**RUTHERGLEN AND CAMBUSLANG
HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements
For the year ended 31 March 2014**

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2014

Contents	Page
Officers and Professional Advisers	1
Report of the Management Committee	2
Independent Auditor's Report	4
Independent Auditor's Report on Corporate Governance	6
Income and Expenditure Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	12

Registration information

Financial Conduct Authority	Industrial and Provident Societies 1965 Registered number 2029RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 176
Scottish Charity Number	SC041992

Officers and Professional Advisers

Director

Dave Anderson

Chairperson of the Management Committee

Geraldine Baird

Vice-Chairperson

Jean Stewart

Secretary

Julie Annan

Treasurer

Robert McLeary

Management Committee Members

Nora Dillon

Jean Gow

Karen McCartney

Mary Ellen McKeown

Edith Mina

Joe Cusker (deceased November 2013)

Christine McPhail

Jack Thompson

Eveline Thompson

Mary Dillon

Gary Gow

Registered Office

Aspire Business Centre
16 Farmeloa Road
Rutherglen
Glasgow
G73 1DL

Auditor

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

Bankers

Bank of Scotland
82 Main Street
Rutherglen
Glasgow
G73 2HZ

Solicitors

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 2014**

The Management Committee has pleasure in presenting its report together with the audited accounts for the year ended 31 March 2014.

Review of business

The Association continues to operate in a challenging financial climate that has a potential impact on both the Association and our tenants. The Management Committee is confident, however, that we have robust controls in place to ensure that the organisation is viable for the long term.

During the year, we continued to assess the impact of the performance of the SHAPS pension scheme on our long term business planning. Independent advisors were appointed to assess the options open to the Association based on its staff profile and the commitments already in place with regards to deficit payments. Although our long term projections indicate that we can meet our current commitments the Committee will continue to review the position in light of the next valuation of the scheme.

Welfare reform is another challenge facing Registered Social Landlords and the Association has been encouraged that our strategy to mitigate against the effects of this has been successful so far in that our loss of income through rent arrears continues to be well below our peer group benchmarks and the national trend. We have, however, budgeted for an increase in arrears levels as further aspects of welfare reform such as universal credit are rolled out and this will continue to present challenges to both the Association and, more importantly, our tenants.

This year saw the introduction of the Annual Return on the Charter (ARC) and the Association collected information throughout the year in preparation for this. One of the key features of the ARC is information on satisfaction levels amongst the Association's tenants. In this respect the Association commissioned a wide ranging tenants satisfaction survey which achieved a 63% response rate and overall satisfaction level of 85%.

On another positive note, the new build development at Overton Road, Halfway came off site on time and on budget and adds a further 27 new homes to our stock. This will, however, be our last new build development for a while as we feel that the current subsidy levels and borrowing restrictions place a certain amount of risk on development activity.

With regards to the management of our stock, our performance continues to be excellent. Our overall arrears figure for the year was 2.7% and our rental loss through voids and bad debts was 0.11%. With regards to the maintenance of our stock we continue to provide a responsive repairs service and 100% of our properties (excluding exemptions) will meet the Scottish Housing Quality Standard.

Statement of the Management Committee's Responsibilities

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

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates that are reasonable and prudent; and
- * Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

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

Report of the Management Committee (continued)
For the year ended 31 March 2014

Internal Financial Controls

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

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

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

1. formal policies and procedures to restrict the unauthorised use of the Association's assets;
2. experienced and suitably qualified staff take responsibility for important business functions;
3. forecasts and budgets are prepared which allow the Committee and Management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
4. quarterly management accounts are prepared and significant variances from budgets are investigated as appropriate;
5. all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub committees comprising of Committee Members;
6. the appointment by the Committee of internal auditors to carry out a review of each department; and
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 for the year ended 31 March 2014. 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 (2013: six) of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Disclosure of information to the auditor

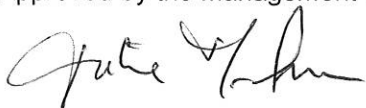
To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

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

Auditor

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

Approved by the Management Committee and signed on their behalf on 12 August 2014 by:



Julie Annan
Secretary

Report of the Independent Auditor to the members of Rutherglen and Cambuslang Housing Association Limited

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Management Committee and Auditor

As explained more fully in the Statement of the Management Committee Responsibilities set out on page 2, the Management Committee is responsible for the preparation of the financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm

Group accounts: Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary in group accounts required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2014, because of the immaterial nature of the subsidiary's transactions in the year.

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 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

Report of the Independent Auditor to the members of Rutherglen and Cambuslang Housing Association Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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: 12 August 2014

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

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

Basis of Opinion

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

Opinion

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



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

Dated: 12 August 2014

Income and Expenditure Account
For the year ended 31 March 2014

		2014	2013
	Note	£	£
Turnover	2	3,331,798	3,230,859
Less: Operating costs	2	(2,646,741)	(2,372,370)
Operating surplus	2	685,057	858,489
Profit/(loss) on disposal of fixed assets		52,327	(12,895)
Interest receivable and other income	5	2,114	488
Interest payable and similar charges	6	(357,730)	(390,704)
Surplus for the year		<u>381,768</u>	<u>455,378</u>




The results for the year relate wholly to continuing activities.

The Income and Expenditure Account includes all gains and losses recorded in the year.

Balance Sheet
As at 31 March 2014

		2014	2013
	Note	£	£
Tangible fixed assets			
Housing properties – depreciated cost	9	42,884,697	41,609,850
Less: HAG and development grants	9	(32,895,791)	(33,055,451)
		<u>9,988,906</u>	<u>8,554,399</u>
Other fixed assets	9	1,444,318	1,451,170
		<u>11,433,224</u>	<u>10,005,569</u>
Investments			
Investment in subsidiary	10	100	100
Fixed asset investments	12	-	-
		<u>11,433,324</u>	<u>10,005,669</u>
Current assets			
Cash at bank and in hand		831,973	1,533,554
Debtors	11	1,037,008	793,256
Stock	8	42,193	200,548
		<u>1,911,174</u>	<u>2,527,358</u>
Creditors: amounts falling due within one year	13	(1,545,575)	(2,542,861)
Net current assets/(liabilities)		<u>365,599</u>	<u>(15,503)</u>
Total assets less current liabilities		<u>11,798,923</u>	<u>9,990,166</u>
Creditors: amounts falling due after more than one year	14	(10,409,579)	(8,982,617)
Total net assets		<u><u>1,389,344</u></u>	<u><u>1,007,549</u></u>
Capital and reserves			
Share capital	15	301	274
Revenue reserve	17	1,189,043	807,275
Designated reserve	16	200,000	200,000
		<u><u>1,389,344</u></u>	<u><u>1,007,549</u></u>

The financial statements were authorised for issue by the Management Committee on 12 August 2014 and are signed on its behalf by:

Geraldine Baird		Chairperson
Julie Annan		Secretary
Robert McLeary		Treasurer

The notes form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2014

	Notes	2014	2013
		£	£
Net cash inflow from operating activities	1	115,973	3,531,386
Returns on investments and servicing of finance	2	(355,616)	(390,216)
Capital expenditure	2	(1,816,574)	(1,550,157)
		<u>(2,056,217)</u>	<u>1,591,013</u>
Financing	2	<u>1,354,636</u>	<u>(474,558)</u>
(Decrease)/increase in cash	4	<u><u>(701,581)</u></u>	<u><u>1,116,455</u></u>

Notes to the Cash Flow Statement
For the year ended 31 March 2014

1) Reconciliation of Surplus for Year to Net Cash Inflow from Operating Activities	2014	2013
	£	£
Operating surplus	685,057	858,489
Depreciation	441,246	388,793
(Increase)/decrease in debtors	(197,485)	47,973
Decrease/increase in creditors	(263,723)	1,056,008
Decrease/(increase) in amount due to/from subsidiary	(707,477)	1,148,452
Decrease in stock after transfer from housing properties	158,355	31,671
	<u>115,973</u>	<u>3,531,386</u>
2) Gross Cash Flows	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	2,114	488
Interest paid	(357,730)	(390,704)
	<u>(355,616)</u>	<u>(390,216)</u>
Capital expenditure		
Purchase and development of housing properties	(2,074,467)	(1,156,074)
Capital grants received	205,687	885,260
Sale of properties (net of HAG repaid)	68,011	22,722
Payments to acquire other tangible fixed assets	(15,805)	(1,302,065)
	<u>(1,816,574)</u>	<u>(1,550,157)</u>
Financing		
Forfeit of share capital	(12)	(3)
Shares issued	39	33
Loans drawn down	3,302,528	-
Loans drawn down/(repaid)	(1,947,919)	(474,588)
	<u>1,354,636</u>	<u>(474,558)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2014

3)	Analysis of changes in net debt	At 31 March 2013 £	Cash Flow £	Other Changes £	At 31 March 2014 £
	Cash in hand, at bank	1,533,554	(701,581)	-	831,973
	Debt due within 1 year	(444,198)	-	72,353	(371,845)
	Debt due after 1 year	(8,982,617)	(1,354,609)	(72,353)	(10,409,579)
		<u>(7,893,261)</u>	<u>(2,056,190)</u>	<u>-</u>	<u>(9,949,451)</u>
4)	Reconciliation of net cash flow to movement in net debt (Note 3)			2014 £	2013 £
	(Decrease)/increase for the year			(701,581)	1,116,455
	Loans drawn down			(3,302,528)	-
	Cash used to repay loans			1,947,919	474,588
	Change in net debt			<u>(2,056,190)</u>	<u>1,591,043</u>
	Net debt at 1 April 2013			<u>(7,893,261)</u>	<u>(9,484,304)</u>
	Net debt at 31 March 2014			<u>(9,949,451)</u>	<u>(7,893,261)</u>

Notes to the Financial Statements
For the year ended 31 March 2014

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 Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers 2010.

(b) Going concern

The Management Committee anticipate that a surplus will be generated in the years to 31 March 2015 and 31 March 2016. 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 under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments that have been given approval by the Scottish Government.

(e) Social housing grant (SHG)

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

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

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

**Notes to the Financial Statements
For the year ended 31 March 2014**

1. Accounting policies (continued)

(f) Fixed assets - Housing properties

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

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

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

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

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

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

(g) Depreciation

1. Housing properties

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

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

2. Other fixed assets

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

**Notes to the Financial Statements
For the year ended 31 March 2014**

9. Tangible Fixed Assets

	Housing Properties Held for Letting £	Shared Ownership Properties £	Housing under the course of construction £	Office premises £	Investment Property £	Leasehold improvements £	Furniture Fittings & Equipment £	Total £
Cost								
As at 1 April 2013	44,579,150	309,339	1,394,801	525,000	913,415	481	206,825	47,929,011
Additions	483,469	-	1,590,998	-	6,471	-	9,334	2,090,272
Transfers	2,985,799	-	(2,985,799)	-	-	-	-	-
Disposals	(421,504)	-	-	-	-	-	-	(421,504)
At 31 March 2014	47,626,914	309,339	-	525,000	919,886	481	216,159	49,597,779
HAG and Other Grants								
As at 1 April 2013	31,878,356	113,044	1,064,051	-	-	-	-	33,055,451
Received in year	69,367	-	136,320	-	-	-	-	205,687
Transfers	1,200,371	-	(1,200,371)	-	-	-	-	-
Remitted and eliminated on disposals	(365,347)	-	-	-	-	-	-	(365,347)
At 31 March 2014	32,782,747	113,044	-	-	-	-	-	32,895,791
Depreciation								
As at 1 April 2013	4,635,793	37,647	-	-	-	-	194,551	4,867,991
Charge for year	416,846	1,743	-	10,500	-	-	12,157	441,246
On disposals	(40,473)	-	-	-	-	-	-	(40,473)
At 31 March 2014	5,012,166	39,390	-	10,500	-	-	206,708	5,268,764
Net Book Value								
At 31 March 2014	9,832,001	156,905	-	514,500	919,886	481	9,451	11,433,224
At 31 March 2013	8,065,001	158,648	330,750	525,000	913,415	481	12,274	10,005,569

Development administration costs capitalised amounted to £67,053 (2013: £31,488) for which Social Housing Grants amounting to £6,166 (2013: £2,018) were received in the year. Major Repairs capitalised in year amounted to £331,614 (2013: £201,223). Interest costs capitalised in the year amounted to £13,033 (2013: £nil).

The depreciation charges for housing stock in the year was £418,589 (2013: £370,339). The net book value of disposed components was £3,156 (2013: £35,618) and has been included in depreciation of social Housing in note 3 in accordance with the SORP giving a total depreciation of social housing of £421,746 (2013: £405,957).

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

Notes to the Financial Statements
For the year ended 31 March 2014

10. Investment in Subsidiary Company	2014	2013
	£	£
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 2014 subsidiary company accounts show a loss for the year of £17,858 (2013: profit of £60,436) and net liabilities of £12,652 (2013: net asset position of £5,206)</p>		
11. Debtors	2014	2013
	£	£
Rental arrears	81,956	68,617
Less: Provision for bad and doubtful debts	(20,000)	(6,500)
	<u> </u>	<u> </u>
	61,956	62,117
Amounts owed by subsidiary	250,916	204,649
Factoring arrears	85,452	22,204
Prepayments and accrued income	638,684	422,445
Housing Association Grant receivable	-	81,841
	<u> </u>	<u> </u>
	1,037,008	793,256
	<u> </u>	<u> </u>
12. Fixed asset investments	2014	2013
	£	£
LIFT – Cost	1,013,214	1,013,214
LIFT – HAG	(1,013,214)	(1,013,214)
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>
13. Creditors: amounts falling due within one year	2014	2013
	£	£
Housing Loans	371,845	444,198
Accruals	10,349	14,228
Deferred income	-	7,968
Other taxation and social security	13,598	13,841
Loans in transit from subsidiary	-	661,210
Other creditors	1,032,363	1,325,769
Housing Association Grant repayable	117,420	75,647
	<u> </u>	<u> </u>
	1,545,575	2,542,861
	<u> </u>	<u> </u>

Included in other creditors is £12,854 (2013: £12,831) in respect of outstanding pension contributions.

Notes to the Financial Statements
For the year ended 31 March 2014

14. Creditors: amounts falling due outwith one year	2014 £	2013 £
Loans:		
Due between one and two years	375,797	455,553
Due between two and five years	1,168,296	1,345,678
Due in five years or more	8,865,486	7,181,386
	<u>10,409,579</u>	<u>8,982,617</u>

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

15. Share Capital	2014 £	2013 £
At beginning of year	274	244
Shares of £1 each fully paid and issued during the year	39	33
Shares forfeited in year	(12)	(3)
At end of year	<u>301</u>	<u>274</u>

16. Designated Reserve	2014 £	2013 £
<u>Major Repairs</u>		
At beginning of year	200,000	200,000
Transfer (from)/to revenue reserve (note 17)	-	-
At end of year	<u>200,000</u>	<u>200,000</u>

17. Revenue Reserves	2014 £	2013 £
At 1 April 2013	807,275	351,897
Surplus for the year	381,768	455,378
	<u>1,189,043</u>	<u>807,275</u>
Transfer (from)/to designated reserves (note 16)	-	-
At 31 March 2014	<u>1,189,043</u>	<u>807,275</u>

Notes to the Financial Statements
For the year ended 31 March 2014

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.

	2014 £	2013 £
Emoluments (excluding pension Contributions) of Director	57,691	56,011

	2014 £	2013 £
Total management committee and director and staff expenses reimbursed in so far as not chargeable to income tax	10,882	12,025

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 2014 was £11,077 (2013: £10,754).

19. Employee Information

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

	2014 No	2013 No
Financial and administration	8	7
Maintenance	4	4
Housing management	5	5
Development	1	1
	<u>18</u>	<u>17</u>

	2014 £	2013 £
Staff costs (including Director's Emoluments):		
Wages and salaries	615,886	553,975
Social security costs	50,530	46,286
Pension costs (note 22)	107,552	104,002
	<u>773,968</u>	<u>704,263</u>

20. Operating Surplus

	2014 £	2013 £
Operating surplus is stated after charging:		
Depreciation – charged in respect of assets	441,246	388,793
Depreciation – loss on disposal of components	3,156	35,618
Auditor's remuneration (including VAT)		
- In their capacity as auditors	9,600	9,440
- In respect of other services	10,440	4,907

Notes to the Financial Statements
For the year ended 31 March 2014

21. Capital Commitments	2014 £	2013 £
Contracted but not provided	-	1,719,876
To be funded by:		
Grants from the Scottish Government	-	202,907
Private Finance	-	1,051,439
Association's own reserves	-	465,530
Contracted but not provided	-	1,719,876

22. Pensions

Rutherglen and Cambuslang Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme (the "Scheme"). The scheme is funded and is contracted-out of the State Pension scheme.

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

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

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 is 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.

Notes to the Financial Statements
For the year ended 31 March 2014

22. Pensions (continued)

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 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 2013. As of this date the estimated employer debt for the Association was £3,575,841.

The Scheme offers six 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, contracted in; and
- Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. The Association has elected to operate the final salary with a 1/60th accrual rate and CARE with a 1/80th accrual rate.

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%. There was also £60,086 (2013: £57,499) paid in respect of past service deficit contributions.

As at the balance sheet date there were 15 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £502,009.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions		% p.a.
Investment return pre retirement		5.3
Investment return post retirement – non pensioners		3.4
Investment return post retirement – pensioners		3.4
Rate of salary increases		4.1
Rate of pension increases		
Pension accrued pre 6 April 2005 in excess of GMP		2.0
Pension accrued post 5 April 2005		
(for leavers before 1 October 1993 pension increases are 5.0%)		1.7
Rate of price inflation		2.6
Mortality Tables		
Non-pensioners	44% of SP1MA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.	
Pensioners	90% of SP1MA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.	

Notes to the Financial Statements
For the year ended 31 March 2014

22. Pensions (continued)

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating additional contributions.

23. Housing Stock

The number of units of housing accommodation available for let at 31 March 2014 was:

	Units in management	
General Needs Housing	829	804
Supported Housing Accommodation	4	4
	<hr/>	<hr/>
	833	808
Shared ownership Accommodation	12	12
	<hr/>	<hr/>
	845	820
	<hr/>	<hr/>

24. Commercial Units

The number of commercial units available for let at 31 March 2014 was:

	Units in management	
	2014	2013
Lock ups	35	35
Aspire business centre	1	1
Shops	3	3
	<hr/>	<hr/>
	39	39
	<hr/>	<hr/>

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

25. Operating Lease Commitments

	2014		2013	
	Land and Buildings £	Office Equipment £	Land and Buildings £	Office Equipment £
Operating leases which expire:				
Within one year	-	-	-	-
Within one to five years	-	20,248	-	20,248
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	20,248	-	20,248
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements
For the year ended 31 March 2014

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 prior year the Association purchased the Aspire Business Centre for its market valuation of £1.3 million. As part of the arrangement, £650,528 of bank loans held by Aspire were transferred to the Association during the year ended 31 March 2014.

As a result of the sale of the Aspire Business Centre, no rental payments were made to Aspire by the Association in the year (2013: £81,700).

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £15,000 (2013: £6,000).

During the year, management charges of £500 (2013: £1,000) were recharged by the Association to Aspire for services rendered by the Director of the Association in respect of Aspire.

Expenditure was incurred by the Association in the year in respect of Aspire. £9,591 (2013: £4,246) was recharged in the year. £5,906 (2013: £8,833) of pension costs and insurance costs were borne by the Association.

During the year £61,858 (2013: £93,400) was transferred over to Aspire by the Association to help with its cashflow. This is included within the intercompany debt outstanding at the year end.

At 31 March 2014 the balance owed to Aspire by the Association, included in creditors was £nil (2013: £661,210).

At the year-end £250,916 was owed by Aspire to the Association and is included within debtors (2013: £204,649). No interest was charged in respect of these balances (2013: £nil).

27. Legislative Provisions

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

**Notes to the Financial Statements
For the year ended 31 March 2014**

1. Accounting policies (continued)

(g) Depreciation (continued)

2. Other fixed assets (continued)

The following rates have been used:-

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

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

3. Investment properties

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

(h) Designated Reserves (Note 16)

Major Repairs

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

(i) Apportionment of management expenses

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

(j) Pensions (Note 22)

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

(k) Financial Commitments

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

(l) Consolidation

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

Notes to the Financial Statements
For the year ended 31 March 2014

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2014			2013		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
Income and Expenditure From lettings						
Social Lettings (Note 3)	3,027,471	(2,298,768)	728,703	2,915,198	(2,327,269)	587,929
Other activities (Note 4)	304,327	(347,973)	(43,646)	315,661	(45,101)	270,560
	<u>3,331,798</u>	<u>(2,646,741)</u>	<u>685,057</u>	<u>3,230,859</u>	<u>(2,372,370)</u>	<u>858,489</u>

Notes to the financial statements
For the year ended 31 March 2014

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2014 Total £	2013 Total £
Income from rent and service charges					
Rent receivable net of service charges	2,913,729	50,723	24,428	2,988,880	2,874,254
Service charges	43,161	1,180	-	44,341	43,664
Gross income from rents and service charges	2,956,890	51,903	24,428	3,033,221	2,917,918
Less voids	(5,750)	-	-	(5,750)	(2,720)
Net income from rents and service charges	2,951,140	51,903	24,428	3,027,471	2,915,198
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	2,951,140	51,903	24,428	3,027,471	2,915,198
Expenditure					
Management and maintenance administration costs	(1,031,945)	(50,723)	(22,685)	(1,105,353)	(1,112,728)
Service charges	(43,161)	(1,180)	-	(44,341)	(43,664)
Planned cyclical maintenance including major repairs	(290,761)	-	-	(290,761)	(261,202)
Reactive maintenance costs	(368,852)	-	-	(368,852)	(469,524)
Ground maintenance	(39,381)	-	-	(39,381)	(26,614)
Bad debts – rents and service charges	(28,335)	-	-	(28,335)	(7,580)
Depreciation of social housing	(420,002)	-	(1,743)	(421,745)	(405,957)
Operating costs for social letting activities	(2,222,437)	(51,903)	(24,428)	(2,298,768)	(2,327,269)
Operating Surplus on letting activities, 2014	728,703	-	-	728,703	
Operating Surplus on letting activities, 2013	587,929	-	-		587,929

Included within planned cyclical maintenance are costs of £37,830 (2013: £99,731) relating to major repairs.

Notes to the financial statements for the year ended 31 March 2014

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 2014	Operating costs 2014	Surplus 2014	Total Turnover 2013	Operating costs 2013	Surplus 2013
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	(3,865)	(3,865)	-	(6,147)	(6,147)
Commercial rent	-	-	-	135,647	135,647	(124,294)	11,353	22,523	(12,157)	10,366
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	35,751	35,751	(56,900)	(21,149)	22,349	(22,349)	-
Development and construction of property activities	-	-	-	-	-	-	-	269,789	-	269,789
Housing property sales	-	-	-	132,429	132,429	(158,355)	(25,926)	-	-	-
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	-	-	-	500	500	-	500	1,000	-	1,000
Tenant Participation	-	-	-	-	-	(4,559)	(4,559)	-	(4,448)	(4,448)
Total from other activities- 2014	-	-	-	304,327	304,327	(347,973)	(43,646)			
Total from other activities- 2013	269,789	-	-	45,872				315,661	(45,101)	270,560

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 2014

5. Interest Receivable and Other Income	2014 £	2013 £
Interest receivable on deposits	<u>2,114</u>	<u>488</u>
6. Interest payable and similar charges	2014 £	2013 £
Loan interest	<u>357,730</u>	<u>390,704</u>
7. Taxation		
The Association became a registered charity on 23 December 2010 and, from this point, the surplus generated from its charitable activities is not subject to corporation tax. No tax was due in respect of its non-charitable activities in the year (2013: £nil).		
8. Stock	2014 £	2013 £
Properties held for sale	<u>42,193</u>	<u>200,548</u>
	<u>42,193</u>	<u>200,548</u>

5 units (2013: 1 unit) with a net book value of £158,355 (2013: £31,671) were sold in the year for £132,429 (2013: £18,776).