



**Scott-Moncrieff**  
business advisers and accountants

**RUTHERGLEN AND CAMBUSLANG  
HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2015**

# **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

## **Report and Financial Statements For the year ended 31 March 2015**

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### **Registration information**

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

**Officers and Professional Advisers**

**Director**

Dave Anderson

**Chairperson of the Management Committee**

Geraldine Baird

**Vice-Chairperson**

Jean Stewart

**Secretary**

Julie Annan (resigned 7 October 2014)  
Robert McLeary (appointed 7 October 2014)

**Treasurer**

Robert McLeary

**Management Committee Members**

Nora Dillon  
Jean Gow  
Karen McCartney  
Mary Ellen McKeown  
Edith Mina  
Christine McPhail  
Jack Thompson  
Eveline Thompson  
Mary Ann Dillon  
Gary Gow  
Julie Annan

**Registered Office**

Aspire Business Centre  
16 Farmeloan Road  
Rutherglen  
Glasgow  
G73 1DL

**Auditor**

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

**Bankers**

Bank of Scotland  
82 Main Street  
Rutherglen  
Glasgow  
G73 2HZ

**Solicitors**

MJM Hart Smith  
43 Crow Road  
Glasgow  
G11 7SH

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

Kelly & Co  
184 Abercromby Street  
Glasgow  
G40 2RZ

**Report of the Management Committee  
For the year ended 31 March 2015**

The Management Committee has pleasure in presenting its report together with the audited accounts for the year ended 31 March 2015.

**Review of business**

The business of the Association to 31 March 2015 continued as planned and we are pleased to say that we had another successful year and our performance continues to meet expectations.

There are many challenges facing Registered Social Landlords at this time and during the year the Management Committee decided that it would be prudent to review our 30 year Financial Projections and Business Plan to re-assess some of the assumptions, in particular those in connection with the effects of welfare reform and the continuing concerns surrounding the pension scheme. This exercise was completed in December 2014 and we are happy to note that we have a robust Business Plan in place to ensure that the organisation is viable for the long term.

We have continued to work with tenants to mitigate the effects of welfare reform and again we are pleased to note 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 the roll out of universal credit to our area in October 2015 will provide yet another challenge.

During the year the Association looked at the implications of the introduction of FRS 102 and how best to implement this. We have had ongoing discussions with our auditors and the management committee has reviewed the options open to the organisation. A strategy has been agreed and we will progress this during 2015/16 with a view to having a smooth transition to the financial statements being prepared under the new financial reporting framework at the end of March 2016.

With regards to the management of our stock, our performance continues to be excellent. Our overall arrears figure for the year was 2.27%, down from 2.65% last year and our rental loss through voids and bad debts was 0.07%, down from 0.18% last year. With regards to the maintenance of our stock we continued to invest in accordance with our planned maintenance programme and 100% of our properties (excluding exemptions) met the Scottish Housing Quality Standard by the target date of March 2015.

In July 2015 the Association received confirmation from the Scottish Housing Regulator that, based on the information provided to it during 2014/15, we will continue to be a low engagement organisation in 2015/16.

**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 2015**

**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 2015. 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**

Five members (2014: 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 its behalf on 1 September 2015 by:

  
Robert McLeary  
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 2015 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 section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Management Committee and the Auditor**

As explained more fully in the Statement of the Management Committee Responsibilities set out on page 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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2015, 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 2015 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 requires us to report to you if, in our opinion:

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



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

Dated: 1 September 2015

**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 statements on page 3 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

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

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



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

Dated: 1 September 2015

**Income and Expenditure Account**  
**For the year ended 31 March 2015**

		<b>2015</b>	<b>Restated 2014</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	2	4,246,367	3,781,986
Less: Operating costs	2	(3,181,616)	(3,096,929)
<b>Operating surplus</b>	2	1,064,751	685,057
Gain on disposal of fixed assets		36,885	52,327
Interest receivable and other income	5	5,662	2,114
Interest payable and similar charges	6	(387,631)	(357,730)
<b>Surplus for the year</b>		<u>719,667</u>	<u>381,768</u>

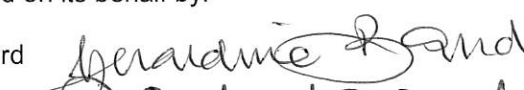
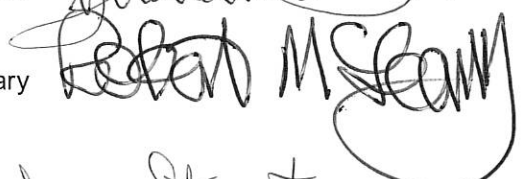

The results for the year relate wholly to continuing activities.

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

**Balance Sheet**  
**As at 31 March 2015**

		2015	2014
	Note	£	£
<b>Tangible fixed assets</b>			
Housing properties – depreciated cost	9	42,817,863	42,884,697
Less: HAG and development grants	9	(32,753,934)	(32,895,791)
		<hr/>	<hr/>
		10,063,929	9,988,906
Other fixed assets	9	1,333,018	1,444,318
		<hr/>	<hr/>
		11,396,947	11,433,224
<b>Investments</b>			
Investment in subsidiary	10	100	100
Fixed asset investments	12	-	-
		<hr/>	<hr/>
		11,397,047	11,433,324
<b>Current assets</b>			
Cash at bank and in hand		1,096,218	831,973
Debtors	11	529,052	1,037,008
Stock	8	31,671	42,193
		<hr/>	<hr/>
		1,656,941	1,911,174
<b>Creditors:</b> amounts falling due within one year	13	(998,393)	(1,545,575)
		<hr/>	<hr/>
<b>Net current assets</b>		658,548	365,599
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		12,055,595	11,798,923
<b>Creditors:</b> amounts falling due after more than one year	14	(9,946,701)	(10,409,579)
		<hr/>	<hr/>
<b>Total net assets</b>		2,108,894	1,389,344
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	15	184	301
Revenue reserve	17	1,908,710	1,189,043
Designated reserve	16	200,000	200,000
		<hr/>	<hr/>
		2,108,894	1,389,344
		<hr/>	<hr/>

The financial statements were authorised for issue by the Management Committee on 1 September 2015 and are signed on its behalf by:

Geraldine Baird		Chairperson
Robert McLeary		Secretary & Treasurer
Jean Stewart		Vice - Chairperson

The notes form part of these financial statements.

Cash Flow Statement  
For the year ended 31 March 2015

	Notes	2015	2014
		£	£
Net cash inflow from operating activities	1	1,422,480	115,973
Returns on investments and servicing of finance	2	(381,969)	(355,616)
Capital expenditure	2	(350,274)	(1,816,574)
		<u>690,237</u>	<u>(2,056,217)</u>
Financing	2	(425,992)	1,354,636
Increase/(decrease) in cash	4	<u>264,245</u>	<u>(701,581)</u>

The notes form part of these financial statements.

Notes to the Cash Flow Statement  
For the year ended 31 March 2015

<b>1) Reconciliation of Surplus for Year to Net Cash Inflow from Operating Activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating surplus	1,064,751	685,057
Depreciation	423,436	441,246
Decrease/(increase) in debtors	547,571	(197,485)
Decrease in creditors	(584,185)	(263,723)
Increase in amount due from subsidiary	(39,615)	(707,477)
Decrease in stock after transfer from housing properties	10,522	158,355
	<u>1,422,480</u>	<u>115,973</u>
<b>2) Gross Cash Flows</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	5,662	2,114
Interest paid	(387,631)	(357,730)
	<u>(381,969)</u>	<u>(355,616)</u>
<b>Capital expenditure</b>		
Purchase and development of housing properties	(519,789)	(2,074,467)
Capital grants received	23,093	205,687
Sale of properties (net of HAG repaid)	211,707	68,011
Payments to acquire other tangible fixed assets	(65,285)	(15,805)
	<u>(350,274)</u>	<u>(1,816,574)</u>
<b>Financing</b>		
Forfeit of share capital	(142)	(12)
Shares issued	25	39
Loans drawn down	-	3,302,528
Loans repaid	(425,875)	(1,947,919)
	<u>(425,992)</u>	<u>1,354,636</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2015

	At 31 March 2014 £	Cash Flow £	Other Changes £	At 31 March 2015 £
<b>3) Analysis of changes in net debt</b>				
Cash in hand, at bank	831,973	264,245	-	1,096,218
Debt due within 1 year	(371,845)	-	(37,003)	(408,848)
Debt due after 1 year	(10,409,579)	425,875	37,003	(9,946,701)
	<u>(9,949,451)</u>	<u>690,120</u>	<u>-</u>	<u>(9,259,331)</u>
<b>4) Reconciliation of net cash flow to movement in net debt (Note 3)</b>			<b>2015 £</b>	<b>2014 £</b>
Increase/(decrease) for the year			264,245	(701,581)
Loans drawn down			-	(3,302,528)
Cash used to repay loans			425,875	1,947,919
Change in net debt			<u>690,120</u>	<u>(2,056,190)</u>
<b>Net debt at 1 April 2014</b>			<u>(9,949,451)</u>	<u>(7,893,261)</u>
<b>Net debt at 31 March 2015</b>			<u>(9,259,331)</u>	<u>(9,949,451)</u>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**1. Accounting policies**

**(a) Introduction and accounting basis**

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

These financial statements are prepared under the historical cost convention subject to the revaluations of certain fixed assets and 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 2016 and 31 March 2017. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continues to adopt the going concern basis of accounting in preparing the annual financial statements.

**(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 2015**

**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 2015**

**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 Reserve (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 Associations Pension 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) Fixed asset investment**

Shared equity properties, where the first tranche has been sold, are held within fixed asset investments. The fixed asset investment is the net of the cost and HAG of the remaining element of the housing unit held by the Association on behalf of the Scottish Government. This will be disposed of when the private owner buys the property outright.

**(m) 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 2015

2. Particulars of Turnover, Operating Costs and Operating Surplus

	Turnover £	2015 Operating Costs £	Operating Surplus £	Turnover £	Restated 2014 Operating Costs £	Operating Surplus £
<b>Income and Expenditure From lettings</b>						
Social Lettings (Note 3)	3,960,607	(3,006,914)	953,693	3,477,659	(2,748,956)	728,703
Other activities (Note 4)	285,760	(174,702)	111,058	304,327	(347,973)	(43,646)
	<u>4,246,367</u>	<u>(3,181,616)</u>	<u>1,064,751</u>	<u>3,781,986</u>	<u>(3,096,929)</u>	<u>685,057</u>

Notes to the financial statements  
For the year ended 31 March 2015

3. Particulars of turnover, operating costs and operating surplus from social letting activities	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2015 Total £	Restated 2014 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	3,081,049	52,245	27,568	3,160,862	2,988,880
Service charges	43,388	1,194	-	44,582	44,341
<b>Gross income from rents and service charges</b>	<u>3,124,437</u>	<u>53,439</u>	<u>27,568</u>	<u>3,205,444</u>	<u>3,033,221</u>
<b>Less voids</b>	<u>(1,557)</u>	<u>-</u>	<u>-</u>	<u>(1,557)</u>	<u>(5,750)</u>
<b>Net income from rents and service charges</b>	<u>3,122,880</u>	<u>53,439</u>	<u>27,568</u>	<u>3,203,887</u>	<u>3,027,471</u>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	756,720	-	-	756,720	450,188
<b>Total turnover from social letting activities</b>	<u>3,879,600</u>	<u>53,439</u>	<u>27,568</u>	<u>3,960,607</u>	<u>3,477,659</u>
<b>Expenditure</b>					
Management and maintenance administration costs	(995,506)	(52,245)	(25,825)	(1,073,576)	(980,304)
Service charges	(43,388)	(1,194)	-	(44,582)	(44,341)
Planned cyclical maintenance including major repairs	(937,052)	-	-	(937,052)	(740,949)
Reactive maintenance costs	(426,429)	-	-	(426,429)	(393,665)
Ground maintenance	(27,568)	-	-	(27,568)	(39,381)
Bad debts – rents and service charges	(11,048)	-	-	(11,048)	(28,335)
Property insurance	(100,911)	-	-	(100,911)	(100,236)
Depreciation of social housing	(384,005)	-	(1,743)	(385,748)	(421,745)
<b>Operating costs for social letting activities</b>	<u>(2,925,907)</u>	<u>(53,439)</u>	<u>(27,568)</u>	<u>(3,006,914)</u>	<u>(2,748,956)</u>
<b>Operating Surplus on letting activities, 2015</b>	<u>953,693</u>	<u>-</u>	<u>-</u>	<u>953,693</u>	
<b>Operating Surplus on letting activities, 2014</b>	<u>728,703</u>	<u>-</u>	<u>-</u>		<u>728,703</u>

Included within planned cyclical maintenance are costs of £16,475 (2014: £37,830) relating to major repairs.

## Notes to the financial statements for the year ended 31 March 2015

## 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 2015 £	Operating costs 2015 £	Surplus 2015 £	Total Turnover 2014 £	Operating costs 2014 £	Surplus 2014 £
Wider role activities	-	-	-	-	-	(1,441)	(1,441)	-	(3,865)	(3,865)
Commercial rent	-	-	-	160,367	160,367	(110,579)	49,788	135,647	(124,294)	11,353
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	45,643	45,643	(45,643)	-	35,751	(56,900)	(21,149)
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Housing property sales	-	-	-	79,250	79,250	(10,522)	68,728	132,429	(158,355)	(25,926)
Supporting people	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs and non RSLs	-	-	-	-	-	-	-	-	-	-
Management charge to subsidiary	-	-	-	500	500	-	500	500	-	500
Tenant Participation	-	-	-	-	-	(6,517)	(6,517)	-	(4,559)	(4,559)
Total from other activities- 2015	-	-	-	285,760	285,760	(174,702)	111,058			
Total from other activities- 2014	-	-	-	304,327	304,327			304,327	(347,973)	(43,646)

# 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 2015**

<b>5. Interest Receivable and Other Income</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest receivable on deposits	5,662	2,114
	<u>          </u>	<u>          </u>
<b>6. Interest payable and similar charges</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loan interest	387,631	357,730
	<u>          </u>	<u>          </u>
<b>7. Taxation</b>		
The Association became a registered charity on 23 December 2010 and, from this point, the surplus generated from its charitable activities is not subject to corporation tax. No tax was due in respect of its non-charitable activities in the year (2014: £nil).		
<b>8. Stock</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Properties held for sale	31,671	42,193
	<u>          </u>	<u>          </u>

2 units (2014: 5 units) with a net book value of £10,522 (2014: £158,355) were sold in the year for £79,250 (2014: £132,429).

Notes to the Financial Statements  
For the year ended 31 March 2015

9. Tangible Fixed Assets

	Housing Properties Held for Letting £	Shared Ownership Properties £	Office premises £	Investment Property £	Leasehold improvements £	Furniture Fittings & Equipment £	Total £
<b>Cost</b>							
As at 1 April 2014	47,626,914	309,339	525,000	919,886	481	216,159	49,597,779
Additions	519,789	-	-	-	-	65,285	585,074
Transfers	-	-	-	-	-	-	-
Disposals	(249,319)	-	-	(138,416)	(481)	(31,401)	(419,617)
At 31 March 2015	47,897,384	309,339	525,000	781,470	-	250,043	49,763,236
<b>HAG and Other Grants</b>							
As at 1 April 2014	32,782,747	113,044	-	-	-	-	32,895,791
Received in year	23,093	-	-	-	-	-	23,093
Transfers	-	-	-	-	-	-	-
On disposals	(164,950)	-	-	-	-	-	(164,950)
At 31 March 2015	32,640,890	113,044	-	-	-	-	32,753,934
<b>Depreciation</b>							
As at 1 April 2014	5,012,166	39,390	10,500	-	-	206,708	5,268,764
Charge for year	381,519	1,743	10,500	-	-	27,188	420,950
On disposals	(45,958)	-	-	-	-	(31,401)	(77,359)
At 31 March 2015	5,347,727	41,133	21,000	-	-	202,495	5,612,355
<b>Net Book Value</b>							
At 31 March 2015	9,908,767	155,162	504,000	781,470	-	47,548	11,396,947
At 31 March 2014	9,832,001	156,905	514,500	919,886	481	9,451	11,433,224

Development administration costs capitalised amounted to £2,205 (2014: £67,053) for which Social Housing Grants amounting to £2,205 (2014: £6,166) were received in the year. Replacement components capitalised in year amounted to £475,377 (2014: £331,614). Interest costs capitalised in the year amounted to £nil (2014: £13,033).

The depreciation charges for housing stock in the year was £383,262 (2014: £418,589). The net book value of disposed components was £2,486 (2014: £3,156) 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 £385,748 (2014: £421,745).

**Notes to the Financial Statements**  
**For the year ended 31 March 2015**

**10. Investment in Subsidiary Company**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary company	100	100

Aspire Community Development Company Limited is a wholly owned subsidiary which was incorporated in Great Britain on 27 August 1999 and is registered in Scotland.

The 2015 subsidiary company accounts show a loss for the year of £15,662 (2014: loss of £17,858) and net liabilities of £28,314 (2014: net liability position of £12,652).

**11. Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Rental arrears	69,375	81,956
Less: Provision for bad and doubtful debts	(26,616)	(20,000)
	<u>42,759</u>	<u>61,956</u>
Amounts owed by subsidiary	290,531	250,916
Factoring arrears	43,199	85,452
Prepayments and accrued income	151,470	638,684
Housing Association Grant receivable	1,093	-
	<u>529,052</u>	<u>1,037,008</u>

**12. Fixed asset investments**

	<b>2015</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
LIFT – Cost	976,629	1,013,214
LIFT – HAG	(976,629)	(1,013,214)
	<u>-</u>	<u>-</u>

**13. Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Housing Loans	408,848	371,845
Accruals	6,400	10,349
Other taxation and social security	12,621	13,598
Other creditors	448,685	1,032,363
Housing Association Grant repayable	121,839	117,420
	<u>998,393</u>	<u>1,545,575</u>

Included in other creditors is £23,710 (2014: £12,854) in respect of outstanding pension contributions.

Notes to the Financial Statements  
For the year ended 31 March 2015

<b>14. Creditors: amounts falling due outwith one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loans:		
Due between one and two years	431,022	375,797
Due between two and five years	1,316,703	1,168,296
Due in five years or more	8,198,976	8,865,486
	<hr/>	<hr/>
	9,946,701	10,409,579
	<hr/>	<hr/>
Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.		
<b>15. Share Capital</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
At beginning of year	301	274
Shares of £1 each fully paid and issued during the year	25	39
Shares forfeited in year	(142)	(12)
	<hr/>	<hr/>
At end of year	184	301
	<hr/>	<hr/>
<b>16. Designated Reserve</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b><u>Major Repairs</u></b>		
At 1 April 2014	200,000	200,000
Transfer (from)/to revenue reserve (note 17)	-	-
	<hr/>	<hr/>
At 31 March 2015	200,000	200,000
	<hr/>	<hr/>
<b>17. Revenue Reserve</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
At 1 April 2014	1,189,043	807,275
Surplus for the year	719,667	381,768
	<hr/>	<hr/>
	1,908,710	1,189,043
Transfer (from)/to designated reserve (note 16)	-	-
	<hr/>	<hr/>
At 31 March 2015	1,908,710	1,189,043
	<hr/>	<hr/>

**Notes to the Financial Statements**  
**For the year ended 31 March 2015**

**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.

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Emoluments (excluding pension Contributions) of Director	59,018	57,691
	<u>59,018</u>	<u>57,691</u>
	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Total management committee and director and staff expenses reimbursed in so far as not chargeable to income tax	10,785	10,882
	<u>10,785</u>	<u>10,882</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 2015 was £14,519 (2014: £11,077).

**19. Employee Information**

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

	<b>2015</b> <b>No</b>	<b>2014</b> <b>No</b>
Financial and administration	9	8
Maintenance	4	4
Housing management	6	5
Development	-	1
	<u>19</u>	<u>18</u>

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Staff costs (including Director's Emoluments):		
Wages and salaries	594,102	615,886
Social security costs	42,633	50,530
Pension costs (note 22)	205,277	107,552
	<u>842,012</u>	<u>773,968</u>

**20. Operating Surplus**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Operating surplus is stated after charging:		
Depreciation – charged in respect of assets	420,950	441,246
Depreciation – loss on disposal of components	2,486	3,156
Auditor's remuneration (including VAT)		
- In their capacity as auditors	10,320	9,600
- In respect of other services	-	10,440
	<u>10,320</u>	<u>10,440</u>

**Notes to the Financial Statements**  
**For the year ended 31 March 2015**

**21. Capital Commitments**

	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
Contracted but not provided	16,057	-
To be funded by:		
Grants from the Scottish Government	-	-
Private Finance	-	-
Association's own reserves	16,057	-
Contracted but not provided	16,057	-

**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 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

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 2015**

**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 2014. As of this date the estimated employer debt for the Association was £4,816,370.

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 1/80<sup>th</sup> accrual rate. These schemes are open to existing and new employees.

During the accounting period the Association paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%. There was also £148,150 (2014: £60,086) paid in respect of past service deficit contributions. In 2015/16 contributions in respect of the past service deficit contributions are expected to be £152,443.

As at the balance sheet date there were 13 (2014: 15) active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £445,214 (2014: £502,009).

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

<b>2012 Valuation Assumptions</b>		<b>% p.a.</b>
Investment return pre retirement		5.3
Investment return post retirement – non pensioners		3.4
Investment return post retirement – pensioners		3.4
Rate of salary increases		4.1
<b>Rate of pension increases</b>		
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
<b>Mortality Tables</b>		
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 2015

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

23. Housing Stock

The number of units of housing accommodation available for let at 31 March 2015 was:

	Units in management	
	2015	2014
General Needs Housing	827	829
Supported Housing Accommodation	4	4
	<hr/>	<hr/>
	831	833
Shared ownership Accommodation	12	12
	<hr/>	<hr/>
	843	845
	<hr/>	<hr/>

24. Commercial Units

The number of commercial units available for let at 31 March 2015 was:

	Units in management	
	2015	2014
Lock ups	35	35
Aspire business centre	1	1
Shops	3	3
Association's previous office	-	1
	<hr/>	<hr/>
	39	40
	<hr/>	<hr/>

Part of the Aspire business centre is used as offices by the Association and part of it is rented out to 3<sup>rd</sup> parties. The Association's previous office was disposed of in the year.

25. Operating Lease Commitments

	2015		2014	
	Land and Buildings £	Office Equipment £	Land and Buildings £	Office Equipment £
Operating leases which expire:				
Within one year	-	1,044	-	-
Within one to five years	-	16,072	-	20,248
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	17,116	-	20,248
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the Financial Statements  
For the year ended 31 March 2015**

**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").

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £5,000 (2014: £15,000).

During the year, management charges of £500 (2014: £500) were recharged by the Association to Aspire for services rendered by the Director of the Association in respect of Aspire.

Pension costs and insurance costs were incurred by the Association in the year in respect of Aspire £7,065 (2014: £9,591) and were recharged in the year.

During the year £37,050 (2014: £61,858) was transferred over to Aspire by the Association to help with its cashflow. This is included within the intercompany debt outstanding at the year end.

At the year-end £290,531 was owed by Aspire to the Association and is included within debtors (2014: £250,916). No interest was charged in respect of these balances (2014: £nil).

**27. Legislative Provisions**

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

**28. Prior year adjustment**

In the prior year, a revenue grant from South Lanarkshire Council for £450,188 was received towards the cost of insulation works carried out on some of the Association's housing stock. This grant was netted off within expenditure in the 2013/14 financial statements when it should have been shown gross as a revenue grant. A prior year adjustment has been processed to correct this. This has no net effect on the reported surplus or closing reserves for the year ended 31 March 2014.