PRINCIPAL

Scott-Moncrieff
business advisers and accountants

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

Report and Financial Statements
For the year ended 31 March 2017

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

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For the year ended 31 March 2017

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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

Management Committee, Director, Management Team and Professional Advisers
For the year ended 31 March 2017

Chairperson of the Management Committee

Robert McLeary

Vice-Chairperson

Jean Stewart

Secretary

Geraldine Baird

Management Committee Members
Nora Dillon
Jean Gow
Gary Gow
Karen McCartney
Mary Ellen McKeown
Edith Mina
Christine McPhail
Jack Thompson
Eveline Thompson
Sandra Frame (co-opted) (appointed 4 October 2016)

Director
Dave Anderson

Management Team
Jim Kerr, Senior Housing Officer
Ronnie Cunningham, Senior Housing Officer
John McNulty, Maintenance Manager

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
7 West George Street
Glasgow
G2 1BA

Kelly & Co
184 Abercromby Street
Glasgow
G40 2RZ

Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017

The Management Committee has pleasure in presenting its report incorporating the Strategic Report together with the audited financial statements for the year ended 31 March 2017.

Objectives and Strategy

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

Our business objectives are to:

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

Performance of Business

The Association has continued to perform efficiently and achieve high performance standards during the last year. We have been preparing for the roll out of Universal Credit in our area for the last few years and we feel that this preparatory work has been of benefit to the Association and our tenants. The full roll out will take place in October 2018 and we will continue to work with our tenants to mitigate the effect of this. We recognise that the success of the organisation going forward relies on the support that we can offer our tenants to live in affordable well maintained fuel efficient properties.

Despite the current challenging economic environment the Association has continued to perform efficiently and achieve high performance standards. Our key business achievements over the last year have been:

- the investment of £281k in our cyclical maintenance programme and £581k of capital improvements to our existing housing units in line with our asset management strategy;
- the achievement of SHQS in all of our properties apart from allowable exceptions;
- 92.3% of our stock meets the EESSH standard;
- a continuing programme of Committee appraisals and training to ensure the strong governance of the organisation; and
- agreeing development funding of £4.45M for the construction of 37 new homes.

With regards to the management of our stock, our performance continues to be excellent. Our overall arrears figure for the year was 2.58% and our rental loss through voids and bad debts was 0.4%. With regards to the maintenance of our stock we continue to provide a responsive repair service and invest in our planned maintenance programme.

As a result of the introduction of higher subsidies for new build development by the Scottish Government the Association is once again looking at developing new homes. We have a strong track record and expertise in development and our lenders have indicated that they are willing to support us. Towards the end of the year we received grant approval form the Scottish Government to build 37 homes for social rent in Cathcart Road, Rutherglen. This project will start in June 2017 and will be completed in August 2018. After a competitive tender exercise the private funding for the project will be provided by RBS.

As a result of our venture into development again the Association carried out sensitivity testing on our 30-year projections and revised these to take into account our additional units and loan commitment. This will ensure that we have sufficient resources available to meet our obligations and ambitions regarding tenants' needs and expectations, legislative requirements, and the scope to make significant progress to help build more sustainable communities in the future.

The Association reviewed its internal audit arrangements during the year and appointed Alexander Sloan to provide this service for the next 3 years. Based on the information provided to the Scottish Housing Regulator during 2016/17, the Association will continue to be a low engagement organisation in 2017/18.

Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2017

Financial and Non-financial Key Performance Indicators

The Association submitted its ARC to the Scottish Housing Regulator in May 2017 and its performance continues to be excellent in comparison to its peer group and national benchmarks. The following is an extract of the key performance indicators contained within the submission;

–	– Benchmark*	– RCHA
– Average Re-let Time in Days	– 15.57	– 10.27
– Average Time to Complete Emergency Repairs (Hours)	– 3.44	– 2.24
– % Repairs Completed Right First Time	– 87%	– 88.45%
– Average time taken to complete non-emergency repairs	– 3.34	– 3.3

*The performance of our peer group performance based on the 2016 ARC returns.

Risk and Uncertainties

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

Future Plans

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

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

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

Governance

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

Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2017

Statement on Internal Financial Controls

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal controls for the year ended 31 March 2017. No weaknesses were found in the internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements.

Statement of the Management Committee's Responsibilities

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

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

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

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

Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2017

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 12 September 2017 by:

Robert McLeary
Chairperson

Report of the Auditor to the Management Committee of Rutherglen and Cambuslang Housing Association Limited on Corporate Governance Matters
For the year ended 31 March 2017

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the 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, your Statement on Internal Financial Controls on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Scott-Moncrieff

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

Dated: 12 September 2017

Independent Auditor Report to the members of Rutherglen and Cambuslang Housing Association Limited on the Financial Statements
For the year ended 31 March 2017

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 4, the Management Committee is responsible for the preparation of 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

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

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary in group accounts required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2017, because of the immaterial nature of the subsidiary's transactions in the year.

Independent Auditor Report to the members of Rutherglen and Cambuslang Housing Association Limited on the Financial Statements (cont'd)
For the year ended 31 March 2017

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

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

Dated: 12 September 2017

Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Turnover	4	3,475,838	3,549,399
Operating expenditure	4	(2,776,115)	(2,621,479)
Operating surplus	4	699,723	927,920
(Loss)/gain on disposal of property, plant and equipment		(80,037)	2,398
Interest receivable and other income	9	15,038	12,784
Interest payable and similar charges	10	(359,956)	(374,967)
Surplus for the year		274,768	568,135
Other comprehensive income		-	-
Total comprehensive income		274,768	568,135

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

Statement of Changes in Capital and Reserves
As at 31 March 2017

	Share Capital £	Revenue Reserve £	Total Reserve £
Balance at 1 April 2016	154	16,726,985	16,727,139
Total comprehensive income	-	274,768	274,768
Shares issued during the year	43	-	43
Shares cancelled during the year	(12)	-	(12)
Balance at 31 March 2017	185	17,001,753	17,001,938

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

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

The notes form part of these financial statements.

Statement of Financial Position
As at 31 March 2017

	Notes	2017 £	2016 £
Tangible fixed assets			
Housing properties	12	24,948,026	24,972,151
Other fixed assets	12	1,272,990	1,304,879
		26,221,016	26,277,030
Investments			
Investment in subsidiary	15	100	100
Current assets			
Debtors	16	849,265	645,587
Cash and cash equivalents	17	1,160,783	1,139,037
Investments	18	541,978	241,740
		2,552,026	2,026,364
Creditors: amounts falling due within one year	19	(2,842,210)	(1,226,473)
Net current (liabilities)/assets		(290,184)	799,891
Total assets less current liabilities		25,930,932	27,077,021
Creditors: amounts falling due after more than one year	20	(8,928,994)	(10,349,882)
Total net assets		17,001,938	16,727,139
Capital and reserves			
Share capital	23a	185	154
Revenue reserve	23b	17,001,753	16,726,985
		17,001,938	16,727,139

The financial statements were authorised for issue by the Management Committee on 12 September 2017 and are signed on its behalf by:

Robert McLeary
Chairperson

Geraldine Baird
Secretary

Jean Stewart
Vice-Chairperson

The notes form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Net cash flows from operating activities	28	1,528,201	1,425,446
Cash flows from investing activities			
Purchase of property, plant and equipment		(806,024)	(460,422)
Proceeds from the sale of property, plant and equipment		141,646	93,480
Interest received		6,238	3,984
Grants received		219,338	
		(438,802)	(362,958)
Cash flows from financing activities			
Issue of share capital		43	16
Repayment of borrowings		(446,502)	(443,978)
Interest paid		(320,956)	(333,967)
Deposit in current asset investments		(300,238)	(241,740)
		(1,067,653)	(1,019,669)
Net changes in cash and cash equivalents		21,746	42,819
Cash and cash equivalents at 1 April	17	1,139,037	1,096,218
Cash and cash equivalents at 31 March	17	1,160,783	1,139,037

The notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 March 2017

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Association's accounting policies (note 3).

These financial statements represent the results of the Association only, are presented in £GBP and are rounded to the nearest whole pound.

The Association is a registered social landlord in Scotland and its registered number is 176. The registered address is Aspire Business Centre, 16 Farmeloan Road, Rutherglen, Glasgow, G73 1DL.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards and statements of recommended practice. Please note that on transition to FRS 102, an existing use valuation as at 1 April 2014 has been used as deemed cost for housing properties. The effect of events relating to the year ended 31 March 2017, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2017 and of the results for the year ended on that date.

Going concern

The Management Committee anticipates that a surplus will be generated in the years to 31 March 2018 and 31 March 2019. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income, factoring service income and fees or revenue grants receivable from South Lanarkshire Council and from the Scottish Government. First tranche shared ownership sales are also included in turnover.

Apportionment of management expenses

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

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year which they are incurred.

Notes to the Financial Statements
For the year ended 31 March 2017

2. Principal accounting policies (cont'd)

Interest receivable

Interest income is recognised in the Statement of Comprehensive Income on an accruals basis.

Interest payable

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

Fixed assets - Housing properties

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

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

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

(i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

(ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

Depreciation

1. Housing properties

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

   - Land – not depreciated
   - Structure – over 60 years
   - Roof – over 50 years
   - Bathrooms – over 20 years
   - Windows – over 40 years
   - Kitchens – over 15 years
   - Heating systems and boilers – over 15 years
   - Doors – over 40 years
   - Rewiring – over 40 years

Notes to the Financial Statements
For the year ended 31 March 2017

2. Principal accounting policies (cont'd)

Depreciation (cont'd)

2. Other fixed assets

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

The following rates have been used:-

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

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

3. Investment property

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

Shared equity

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

Consolidation

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

Debtors

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

Rental arrears

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

Cash and cash equivalents

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

Current asset investments

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

Notes to the Financial Statements
For the year ended 31 March 2017

2. Principal accounting policies (cont'd)

Creditors

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

Financial instruments

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

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

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

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

Government capital grants

Government capital grants, at amounts approved by The Scottish Government or South Lanarkshire Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income over the useful life of the assets it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government revenue grants

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

Non-government grants

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

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

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

Notes to the Financial Statements
For the year ended 31 March 2017

2. Principal accounting policies (cont'd)

Pensions

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

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

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

Loans

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

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

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

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

Estimate	Basis of estimation
Useful lives of property and other fixed assets	The useful lives of housing properties and other fixed assets are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Notes to the Financial Statements
For the year ended 31 March 2017

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

Estimate	Basis of estimation
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
The valuation of the investment property	The investment property was valued by an appropriate employee surveyor using market data at the year end.
Split of office premises and investment property	Part of the Aspire Business Centre, which is owned by the Association, is used by the Association for its offices with part rented out to third parties at commercial rates. Under FRS 102, the part of the building used by the Association for offices must be accounted for as a tangible fixed asset and depreciated whilst the part of the building rented out must be accounted for as an investment property and held at market value. The Management Committee have based this split on the square footage of the building with 40.4% used by the Association and 59.6% rented to third parties and thus treated as an investment property.

Notes to the Financial Statements
For the year ended 31 March 2017

4. Particulars of turnover, operating expenditure and operating surplus

	2017			2016		
	Turnover £	Operating expenditure £	Operating surplus £	Turnover £	Operating expenditure £	Operating surplus £
Social lettings (Note 5a)	3,334,259	(2,595,046)	739,213	3,290,976	(2,408,960)	882,016
Other activities (Note 5b)	141,579	(181,069)	(39,490)	258,423	(212,519)	45,904
	3,475,838	(2,776,115)	699,723	3,549,399	(2,621,479)	927,920

Notes to the Financial Statements
For the year ended 31 March 2017

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2017 Total £	2016 Total £
Revenue from lettings					
Rent receivable net of service charges	3,205,799	54,771	18,611	3,279,181	3,218,283
Service charges	39,756	1,192	755	41,703	44,748
Gross income from rent and service charges	3,245,555	55,963	19,366	3,320,884	3,263,031
Less: Rent losses from voids	(11,579)	-	-	(11,579)	(5,500)
Net rent receivable	3,233,976	55,963	19,366	3,309,305	3,257,531
Release of deferred government capital grants	-	-	1,727	1,727	8,478
Other revenue grants	23,227	-	-	23,227	24,967
Total turnover from social letting activities	3,257,203	55,963	21,093	3,334,259	3,290,976
Expenditure on social letting activities					
Management and maintenance administration costs	980,992	49,869	16,085	1,046,946	967,231
Service charges	39,756	1,192	755	41,703	44,747
Planned cyclical maintenance including major repairs	280,828	-	-	280,828	231,304
Reactive maintenance costs	415,821	-	-	415,821	367,941
Ground maintenance	30,312	-	-	30,312	27,093
Bad debts – rents and service charges	13,448	-	-	13,448	8,796
Property insurance	103,483	-	-	103,483	98,634
Depreciation of social housing *	653,350	4,902	4,253	662,505	663,214
Operating expenditure on social letting activities	2,517,990	55,963	21,093	2,595,046	2,408,960
Operating surplus on letting activities, 2017	739,213	-	-	739,213	
Operating surplus on letting activities, 2016	882,016	-	-		882,016

Included within planned cyclical maintenance are costs of £74,513 (2016: £20,797) relating to major repairs.

* The depreciation charges for housing stock in the year were £548,441 (2016: £531,144). The net book value of disposed components was £114,064 (2016: £132,070) in accordance with the SORP.

Notes to the Financial Statements
For the year ended 31 March 2017

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover 2017	Operating expenditure 2017	Surplus 2017	Total Turnover 2016	Operating expenditure 2016	Surplus 2016
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	(1,468)	(1,468)	-	(1,413)	(1,413)
Commercial rent	-	-	-	93,265	93,265	(85,978)	7,287	184,297	(124,351)	59,946
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	47,814	47,814	(67,726)	(19,912)	46,352	(46,352)	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Housing property sales	-	-	-	-	-	-	-	27,274	(32,173)	(4,899)
Supporting people	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Recharge repair – bad debts	-	-	-	-	-	(14,776)	(14,776)	-	-	-
Management charge to subsidiary	-	-	-	500	500	-	500	500	-	500
Tenant participation	-	-	-	-	-	(11,121)	(11,121)	-	(8,230)	(8,230)
Total from other activities-2017	-	-	-	141,579	141,579	181,069	(39,490)			
Total from other activities-2016	-	-	-	258,423				258,423	(212,519)	45,904

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 2017

6. Directors' emoluments

The directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. No directors or members of key management other than the Director received emoluments (excluding pension contributions) greater than £60,000. No emoluments were paid to any member of the Management Committee during the year.

	2017 £	2016 £
Emoluments (excluding pension contributions) of Director	60,503	59,904

	2017 £	2016 £
Total Management Committee, Director and staff expenses reimbursed in so far as not chargeable to income tax	6,887	7,864

The Director is a member of the Association's pension scheme described in note 24. The Director's pension contribution (including the past service element) in the year to 31 March 2017 was £14,884 (2016: £14,736).

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

The Association considers key management personnel to be the Management Committee, the Director and the Management Team of the Association (as detailed on page 1). Their emoluments (excluding pension contributions) for the year were £196,640 (2016: £194,692). Their pension contributions (including the past service element) for the year were £48,373 (2016: £47,894).

7. Employee information

	2017 No	2016 No
The full time equivalent number of employees employed during the year was:		
Financial and administration	9	8
Maintenance	4	4
Housing management	6	6
	19	18

	2017 £	2016 £
Staff costs (including Director's Emoluments):		
Wages and salaries	610,425	573,917
Social security costs	55,477	44,119
Pension costs	63,832	62,263
	729,734	680,299
SHAPs past service deficit liability – remeasurement – impact of changes in assumptions	3,523	(8,000)

Notes to the Financial Statements
For the year ended 31 March 2017

7. Employee information (cont'd)

This is included in management and administration costs.

During the year past service deficit contributions of £156,864 (2016: £152,443) were paid. Of this payment, £151,800 (2016: £147,000) was a payment in respect of the SHAPS past service deficit liability. The remainder of £5,064 (2016: £5,443) was pension management costs which have been included in the pension contributions total included in staff costs above.

8. Operating surplus

	2017 £	2016 £
Operating surplus is stated after charging:		
Depreciation – charged in respect of assets	586,056	569,346
Depreciation – loss on disposal of components	114,064	132,070
Auditor's remuneration (including VAT)		
- In their capacity as auditors	10,740	10,560
- In respect of other services	480	1,500

9. Interest receivable and other income

	2017 £	2016 £
Interest receivable on deposits	6,238	3,984
Loan to subsidiary	8,800	8,800
	15,038	12,784

10. Interest payable and similar charges

	2017 £	2016 £
Loan interest	320,956	333,967
SHAPS deficit repayment plan – interest expense	39,000	41,000
	359,956	374,967

11. 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 (2016: £nil).

Notes to the Financial Statements
For the year ended 31 March 2017

12. Tangible fixed assets

Cost	Housing properties held for letting £	Housing properties under construction £	Shared ownership properties £	Office premises £	Investment property £	Furniture fittings & equipment £	Total £
As at 1 April 2016	25,788,827	-	283,561	525,000	781,470	260,106	27,638,964
Additions	580,960	219,338	-	-	-	5,726	806,024
Disposals	(296,420)	-	-	-	-	-	(296,420)
At 31 March 2017	26,073,367	219,338	283,561	525,000	781,470	265,832	28,148,568
Depreciation							
As at 1 April 2016	1,010,219	-	90,018	31,500	-	230,197	1,361,934
Charge for year	544,188	-	4,253	10,500	-	27,115	586,056
On disposals	(20,438)	-	-	-	-	-	(20,438)
At 31 March 2017	1,533,969	-	94,271	42,000	-	257,312	1,927,552
Net Book Value							
At 31 March 2017	24,539,398	219,338	189,290	483,000	781,470	8,520	26,221,016
At 31 March 2016	24,778,608	-	193,543	493,500	781,470	29,909	26,277,030

Additions to housing properties in the year includes £nil capitalised interest (2016: £nil) and £nil capitalised administration costs (2016: £nil). £580,960 (2016: £450,359) of component replacements were capitalised in the year. All housing properties are freehold. Properties with a cost of £168,738 (2016: £76,956) and accumulated depreciation of £6,820 (2016: £9,361) have been disposed in the year for net proceeds of £141,646 (2016: £93,480). Grant due to be repaid on these properties is £59,765 (2016: £23,487). Components with a cost of £127,682 (2016: £138,860) and accumulated depreciation of £13,618 (2016: £6,790) have been disposed in the year.

The fair value as at 31 March 2017 of the investment property and office premises held totalled £1,300,000 (2016: £1,300,000). This is based on a valuation performed by D M Hall in June 2012 which the Management Committee have reviewed, with input from a suitably qualified employee surveyor, and consider to be reflective of the fair value as at 31 March 2017. 59.6% of the Aspire business centre is rented out to 3rd parties and is accounted for as an investment property. The remaining 40.4% is used by the Association and is accounted for as office premises at historic (deemed) cost.

Notes to the Financial Statements
For the year ended 31 March 2017

13. Housing stock

The number of units of housing accommodation available for let at 31 March 2017 was:

	Units in management	
	2017	**2016**
General needs housing	820	824
Supported housing accommodation	4	4
	824	828
Shared ownership accommodation	11	11
	835	839

There are no units managed by other bodies.

14. Commercial units

The number of commercial units available for let at 31 March 2017 was:

	Units in management	
	2017 No.	**2016 No.**
Lock ups	35	35
Aspire business centre	1	1
Shops	3	3
	39	39

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

15. Investment in subsidiary company

	2017 £	**2016 £**
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 2017 draft subsidiary company accounts show a loss for the year of £1,913 (2016: profit of £30,869) and net assets of £642 (2016: £2,555).

Notes to the Financial Statements
For the year ended 31 March 2017

16. Debtors

	2017 £	2016 £
Rental arrears	85,448	77,747
Less: Provision for bad and doubtful debts	(34,460)	(31,491)
	50,988	46,256
Amounts owed by subsidiary	328,676	321,387
Factoring arrears	73,135	108,957
Prepayments and accrued income	177,128	168,987
Grant receivable	219,338	-
	849,265	645,587

17. Cash and cash equivalents

	2017 £	2016 £
Balances held in current accounts	860,671	830,120
Balances held in deposit accounts	300,112	308,917
	1,160,783	1,139,037

18. Investments

	2017 £	2016 £
Balances held in deposit accounts greater than 3 months	541,978	241,740

19. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans	1,473,124	397,604
Accruals	7,200	7,000
Other taxation and social security	14,630	12,856
Other creditors	981,438	510,160
Deferred Government capital grant (note 21)	1,727	1,727
Housing association grant repayable	205,091	145,326
SHAPS pension deficit liability (note 24)	159,000	151,800
	2,842,210	1,226,473

Included in other creditors is £23,780 (2016: £23,673) in respect of outstanding pension contributions.

Included in bank loans due within one year is a loan of £1.052m with RBS which was due to be refinanced in 2017/18 and thus has been included in creditors falling due within one year. Post year end, this loan was renewed as part of a refinancing with RBS which includes a loan facility for the new development at Cathcart Road.

Notes to the Financial Statements
For the year ended 31 March 2017

20. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans	7,991,945	9,513,967
SHAPS pension deficit liability (note 24)	648,000	764,477
Deferred Government capital grant (note 21)	289,049	71,438
	8,928,994	10,349,882
Bank loan analysis:		
Due between one and two years	438,070	438,603
Due between two and five years	1,424,467	1,415,069
Due in five years or more	6,129,408	7,660,295
	7,991,945	9,513,967

Loans are secured by specific charges on the Association's properties and are repayable at rates between Libor +0.5% and a fixed rate of 7.16% over the next 30 years.

21. Deferred Government capital grants

	2017 £	2016 £
Housing grants		
At 1 April	73,165	81,643
Grants received in year	219,338	-
Released to income in year	(1,727)	(8,478)
At 31 March	290,776	73,165
Split:		
Due within one year	1,727	1,727
Due between one and two years	7,994	1,727
Due between two and five years	23,981	5,181
Due in five years or more	257,074	64,530
At 31 March	290,776	73,165

22. Financial instruments

	2017 £	2016 £
Financial assets		
Cash and cash equivalents	1,160,783	1,139,037
Term deposits	541,978	241,740
Financial assets measured at amortised cost	774,881	579,755
	2,477,642	1,960,532
Financial liabilities		
Financial liabilities measured at amortised cost	11,331,376	11,367,996

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

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

No financial assets or financial liabilities are held at fair value.

Notes to the Financial Statements
For the year ended 31 March 2017

23a. Share capital	2017 £	2016 £
At beginning of year	154	184
Shares issued during the year	43	16
Shares forfeited in year	(12)	(46)
At end of year	185	154

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

23b. Revenue reserves

Revenue reserves represents the cumulative surpluses and deficits.

24. Pension obligations

Rutherglen and Cambuslang Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme (SHAPS) (the "Scheme").

The Scheme is a multi-employer defined benefit scheme which provides benefits to over 150 non-associated employers. 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; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a 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. These schemes are open to existing and new employees however there are no employees currently in the CARE 1/80th scheme. The Association will pension auto-enrol in May 2017.

During the accounting period the Association paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%. There was an additional annual employer past service deficit contribution (including administration costs of £5,064 and £5,443 respectively) of £156,864 (2016: £152,443) made in the period. The net past service deficit contribution for 2017/18 is £159,000.

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

As at the Statement of Financial Position date there were 12 (2016: 12) active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

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

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

Notes to the Financial Statements
For the year ended 31 March 2017

24. Pension obligations (continued)

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £616 million. The valuation revealed a shortfall of assets compared to liabilities of £198 million, equivalent to a past service funding level of 76%.

Financial assumptions

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

The Trustees have recently supplied the Association with an estimated updated contribution figure to the past service deficit. From 1 April 2017, Rutherglen and Cambuslang Housing Association Limited will be required to pay £159,000 (net of administration costs) per annum as a contribution to the past service deficit. This will increase by 3% per year. The deficit is now expected to be removed from the Scheme by 28 February 2022 (previously 30 September 2027). The past service deficit liabilities recognised in the financial statements is based on the revised estimated contribution schedule provided to the Association on 28 February 2016 by the Pensions Trust.

Past service deficit repayment liability	**2017**	**2016**
	£	**£**
Provision at start of period	916,277	1,030,277
Unwinding of the discount factor (interest expense)	39,000	41,000
Deficit contribution paid	(151,800)	(147,000)
Re-measurements – impact of any changes in assumptions	3,523	(8,000)
Provision at end of period	807,000	916,277
Liability split as:		
< 1 year	159,000	151,800
1-2 years	161,800	153,601
2-5 years	486,200	467,229
> 5 years	-	143,647
	807,000	916,277

Statement of Comprehensive Income impact	**2017**	**2016**
	£	**£**
Interest expense	39,000	41,000
Re-measurements – impact of any change in assumptions	3,523	(8,000)
Rate of discount	1.06%	2.29%

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate band yield curve to discount the same recovery plan contributions.

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 2017

24. Pension obligations (cont'd)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2016 is £6,224,523 (2016: £4,885,948).

25. Capital commitments

	2017 £	2016 £
Contracted but not provided	4,248,203	-

The above commitments will be financed by:

	£	£
Private finance	1,999,347	-
Government grants	2,248,856	-
Association's own resources	-	-
	4,248,203	-

	2017 £	2016 £
Committed but not contracted for	-	-

26. Operating lease commitments

	2017 Office Equipment £	2016 Office Equipment £
Total commitment due within:		
Within one year	17,268	13,732
Between two to five years	24,917	26,337
	42,185	40,069

26. Operating lease commitments

	2017 Office Equipment £	2016 Office Equipment £
Total commitment due within:		
Within one year	17,268	13,732
Between two to five years	24,917	26,337
	42,185	40,069

Notes to the Financial Statements
For the year ended 31 March 2017

27. Legislative provisions

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

28. Net cash flow from operating activities

	2017 £	2016 £
Surplus for the year	274,768	568,135
Adjustments for non-cash items:		
Depreciation of housing properties including loss on disposal of components	662,505	663,214
Depreciation of property, plant and equipment	37,615	38,202
Carrying value of disposed assets	161,918	67,595
HAG repayable on disposal of property	59,765	23,487
Decrease in stock	-	31,671
(Increase) in debtors	(203,678)	(116,535)
Increase in creditors	473,252	35,698
SHAPS deficit movements	42,523	33,000
Adjustments for investing and financing activities:		
Proceeds from the sale of property, plant and equipment	(141,646)	(93,480)
Interest payable	320,956	333,967
Interest received	(6,238)	(3,984)
Release of deferred capital government grant	(1,727)	(8,478)
SHAPS deficit contribution paid	(151,800)	(147,000)
Forfeited share capital	(12)	(46)
	1,528,201	1,425,446

29. Related party transactions

Aspire Community Development Company Limited

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

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £5,000 (2016: £5,000).

During the year, management charges of £500 (2016: £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 £2,989 (2016: £6,556) and were recharged in the year.

During the year £nil (2016: £20,000) 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 £328,676 was owed by Aspire to the Association and is included within debtors (2016: £321,387). Interest of £8,800 was charged in respect of these balances (2016: £8,800).

29. Related party transactions (cont'd)

Management Committee

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £9,793 (2016: £10,699). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £nil (2016: £nil). The total rent paid in advance of the year end was £557 (2016: £836).

Two Management Committee members own properties which are factored by the Association. Factoring charges for Committee members were £955 (2016: £726). There were no arrears (2016: £nil) at the year-end. There were payments in advance at the year-end of £nil (2016: £36).