

RUCHAZIE HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Registered Housing Association Number: HCB 277
Scottish Charity Registration Number: SCO41911
FCA Reference Number: 2420R (S)

RUCHAZIE HOUSING ASSOCIATION LIMITED

CONTENTS

| | Page. |
|---|--------------|
| MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS | 3 |
| REPORT TO THE MANAGEMENT COMMITTEE | 4 - 6 |
| REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS | 7 |
| REPORT OF THE AUDITORS | 8 – 9 |
| STATEMENT OF COMPREHENSIVE INCOME | 10 |
| STATEMENT OF FINANCIAL POSITION | 11 |
| STATEMENT OF CASH FLOWS | 12 |
| STATEMENT OF CHANGES IN CAPITAL AND RESERVES | 13 |
| NOTES TO THE FINANCIAL STATEMENTS | 14-25 |

**THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

MEMBERS OF THE MANAGEMENT COMMITTEE

| | |
|---------------------------------------|------------------|
| D Vickers | Chairperson |
| B Tollett | Vice Chairperson |
| A Macdonald | Secretary |
| A Galor | Committee Member |
| I Moor | Committee Member |
| R Rigley | Committee Member |
| H Holland | Committee Member |
| J Clark (appointed 20 September 2016) | Committee Member |
| C Henderson (resigned 18 April 2017) | Committee Member |

EXECUTIVE OFFICERS

| | |
|-------------------------------------|------------------|
| W Nicol (resigned 14 July 2017) | Director |
| J. Shields (appointed 14 July 2017) | Interim Director |
| G Shepherd | Finance Manager |

REGISTERED OFFICE

24 Avondale Street
Ruchazie
Glasgow
G33 3QS

AUDITORS

French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

The Royal Bank of Scotland Plc
Glasgow Parkhead (A) Branch
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

Brechin Tindal Oatts
48 St Vincent St
Glasgow
G2 5HS

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1825R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC041911.

Principal Activities

The principal activity of the Association is the provision of social housing.

Review of business and future developments

Looking forward a major review of activities will be undertaken to set out how the Association can manage assets effectively, deliver value for money for tenants and meet regulatory standards.

The Association will continue to work with others to drive forward the regeneration of Ruchazie.

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Act 2014 require The Management 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 surplus or deficit of the Association for that year. In preparing those Financial Statements, the Management Committee is required to:-

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. They are 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017**

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

Statement on Internal Financial Control

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

- The reliability of financial information used within the Association, or for publication;
- The maintenance of proper accounting records; and
- 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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

the financial statements or in the auditor's report on the financial statements.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017**

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Management Committee

Signature

A Macdonald, Secretary
Date:

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF RUCHAZIE 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 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 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 within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB
Date:

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Ruchazie Housing Association Limited for the year ended 31 March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 auditors' 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 MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of The Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

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

OPINION ON THE 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 properly 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 December 2014.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operation 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 of the Association; or
- we have not received all the information and explanations we require for our audit.

French Duncan LLP

Chartered Accountants
Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB
Date:

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 31 MARCH 2017**

| | Notes | £ | 2017 £ | £ | 2016 £ |
|--|-------|-----------------|------------------|----------|-----------|
| REVENUE | 2 | | 1,077,840 | | 1,021,955 |
| Operating Costs | 2 | | (970,290) | | (842,532) |
| OPERATING SURPLUS | | | 107,550 | | 179,423 |
| Gain on Property, Plant & Equipment | 7 | 27,856 | | - | |
| Interest Receivable & Other Income | | 581 | | 1,305 | |
| Interest Payable & Similar Charges | 8 | (51,184) | | (32,398) | |
| Other Finance Charges | 11 | (10,000) | | (11,000) | |
| | | | (32,747) | | (42,093) |
| SURPLUS FOR THE YEAR | | | 74,803 | | 137,330 |
| OTHER COMPREHENSIVE INCOME: | | | | | |
| SHAPS Pension Adjustment | 23 | | 206,000 | | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | 280,803 | | 137,330 |

The notes on pages 14 to 25 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

| | Notes | £ | 2017 £ | £ | 2016 £ |
|--|-------|-----------------------|-------------------------|----------------|----------------|
| NON-CURRENT ASSETS | | | | | |
| Housing Properties – Depreciated Costs | 12a | | 14,060,924 | | 14,437,624 |
| Other Fixed Assets | 12b | | <u>24,449</u> | | <u>28,633</u> |
| | | | 14,085,373 | | 14,466,257 |
| CURRENT ASSETS | | | | | |
| Trade & Other Debtors | 14 | 61,269 | | 96,036 | |
| Cash & Cash Equivalents | | 802,198 | | 818,931 | |
| | | <u>863,467</u> | | <u>914,967</u> | |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 15 | (295,216) | | (313,025) | |
| NET CURRENT ASSETS | | | | | |
| | | | <u>568,251</u> | | <u>601,942</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | | 14,653,624 | | 15,068,199 |
| CREDITORS: | | | | | |
| Amount falling due after more than one year | | | | | |
| Housing Property Loans | 16a | | (2,868,809) | | (3,061,838) |
| Retirement Benefit Scheme Deficit | 16b | | (191,000) | | (425,000) |
| DEFERRED INCOME | | | | | |
| Social Housing Grant | 18 | | (10,520,474) | | (10,788,825) |
| | | | <u>1,073,341</u> | | <u>792,536</u> |
| EQUITY | | | | | |
| Share Capital | 19 | | 104 | | 102 |
| Revenue Reserves | | | <u>1,073,237</u> | | <u>792,434</u> |
| | | | <u>1,073,341</u> | | <u>792,536</u> |

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 2017.

D Vickers
Chair-person

B Tollett
Vice Chair-person

A Macdonald
Secretary

RUCHAZIE HOUSING ASSOCIATION LIMITED

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

| | Notes | £ | 2017 | £ | 2016 |
|--|-------|---------------|-----------------------|---|-----------------------|
| Net cash inflow from Operating Activities | 17 | | 201,163 | | 228,692 |
| Investing Activities | | | | | |
| Acquisition & Construction of Properties | | - | (1,556,731) | | |
| Purchase of Other Fixed Assets | | (44,530) | - | | |
| Social Housing Grant Received | | - | 770,288 | | |
| Social Housing Grant Repaid | | - | - | | |
| Proceeds on Disposal of Properties | | <u>76,458</u> | <u>-</u> | | |
| Net Cash Inflow/(Outflow) from Investing Activities | | | 31,928 | | (786,443) |
| Financing Activities | | | | | |
| Interest Received on Cash & Cash Equivalents | | 581 | 1,305 | | |
| Interest Paid on loans | | (51,184) | (32,398) | | |
| Loan Principal Repayments | | (199,226) | (141,184) | | |
| Movement in Long Term Borrowings | | - | 760,170 | | |
| Share Capital Issued | | <u>5</u> | <u>8</u> | | |
| Net Cash (Outflow)/Inflow from Financing | | | (249,824) | | 587,901 |
| (Decrease)/Increase in Cash & Cash Equivalents | | | (16,733) | | 30,150 |
| Cash & Cash Equivalents at 1 April 2016 | | | <u>818,931</u> | | <u>788,781</u> |
| Cash & Cash Equivalents at 31 March 2017 | | | <u>802,198</u> | | <u>818,931</u> |

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2017**

| | Share Capital £ | Revenue Reserve £ | Total £ |
|---------------------------------------|--------------------|-------------------------|-------------------------|
| Balance as at 1 April 2016 | 102 | 792,434 | 792,536 |
| Issues of Shares | 5 | - | 5 |
| Cancellation of Shares | (3) | - | (3) |
| Surplus for Year | - | 81,803 | 81,803 |
| SHAPS Pension Adjustment | - | 199,000 | 199,000 |
| Balance as at 31 March 2017 | <u>104</u> | <u>1,073,237</u> | <u>1,073,341</u> |
| Balance as at 1 April 2015 | 94 | 655,104 | 655,198 |
| Issues of Shares | 8 | - | 8 |
| Surplus for Year | - | 137,330 | 137,330 |
| Balance as at 31 March 2016 | <u>102</u> | <u>792,434</u> | <u>792,536</u> |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-operation and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014 and comply with the requirements of the Determination of Accountancy Requirements 2014 assured by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Going Concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association, its long term financial forecasts and the certainty of cash flow from rental of social housing stock.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme 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.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation of Housing Properties

The Association has adopted component accounting. Properties other than the assessed land element, are depreciated in accordance with FRS102 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are as follows:

| (a) Housing Properties | Depreciation Period |
|------------------------|---------------------|
| Kitchens | 18 years |
| Bathrooms | 30 years |
| Central Heating | 15 years |
| Windows | 30 years |
| Structure | 50 years |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation and Impairment of Other Non-Current 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:-

| | | |
|------------------------|---------|---------------|
| | - 10% | Reducing |
| Office Premises | Balance | |
| Furniture and Fittings | - 33% | Straight Line |

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

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS102.

b) Identification of cash generating units

The Association considers its cash-generating units to be 226 in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Scotland.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT)

| | | 2017 | | | 2016 | | |
|------------------|-------|------------------|------------------|------------------------------|------------------|------------------|------------------------------|
| | Notes | Revenue | Operating Costs | Operating Surplus/ (Deficit) | Revenue | Operating Costs | Operating Surplus/ (Deficit) |
| | | £ | £ | £ | £ | £ | £ |
| Social Lettings | 3 | 1,076,090 | (968,465) | 107,625 | 1,020,605 | (838,559) | 182,046 |
| Other Activities | 4 | <u>1,750</u> | <u>(1,825)</u> | <u>(75)</u> | <u>1,350</u> | <u>(3,973)</u> | <u>(2,623)</u> |
| Total | | <u>1,077,840</u> | <u>(970,290)</u> | <u>107,550</u> | <u>1,021,955</u> | <u>(842,532)</u> | <u>179,423</u> |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

| | General Needs Housing £ | 2017 Total £ | 2016 Total £ |
|---|----------------------------------|-------------------------|-------------------------|
| Revenue from Lettings | | | |
| Rent Receivable Net of Identifiable Service Charges | 830,545 | 830,545 | 788,373 |
| Service Charges Receivable | <u>3,117</u> | <u>3,117</u> | <u>2,064</u> |
| Gross Rents Receivable | 833,662 | 833,662 | 790,437 |
| Less: Rent losses from voids | (518) | (518) | (250) |
| Net Rents Receivable | 833,144 | 833,144 | 790,187 |
| Amortisation of Social Housing Grants and Other Grants | 226,353 | 226,353 | 230,418 |
| Revenue Grants from Local Authorities and Other Agencies | 16,593 | 16,593 | - |
| Total Income from Social Letting | <u>1,076,090</u> | <u>1,076,090</u> | <u>1,020,605</u> |
| Expenditure on Social Letting Activities | | | |
| Service Costs | - | - | - |
| Management and maintenance administration costs | (429,337) | (429,337) | (317,780) |
| Reactive Maintenance | (80,584) | (80,584) | (76,614) |
| Bad Debts - Rents and Service Charges | - | - | (10,108) |
| Planned and Cyclical Maintenance, including Major Repairs | (85,916) | (85,916) | (63,224) |
| Depreciation of Social Housing | (372,628) | (372,628) | (370,833) |
| Operating Costs of Social Letting | <u>(968,465)</u> | <u>(968,465)</u> | <u>(838,559)</u> |
| Operating Surplus on Social Letting Activities | <u>107,625</u> | <u>107,625</u> | <u>182,046</u> |
| 2016 | <u>182,046</u> | <u>182,046</u> | |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

| | Grants From Scottish Ministers £ | Other Revenue Grants £ | Supporting People Income £ | Other Income £ | Total Turnover £ | Operating Costs Bad Debts £ | Operating Costs Other £ | Operating Surplus/ (Deficit) 2017 £ | Operating Surplus/ (Deficit) 2016 £ |
|--|---|---------------------------------|-------------------------------------|----------------------|------------------------|--------------------------------------|-------------------------------|---|---|
| Stage 3 Adaptations | - | - | - | - | - | - | - | - | - |
| Wider Role Activities | - | - | - | - | - | - | - | - | - |
| Factoring Support Activities | - | - | 1,750 | - | 1,750 | - | (1,825) | (75) | - |
| Community Project Fund | - | - | - | - | - | - | - | - | (2,623) |
| Income/Expenditure Services | - | - | - | - | - | - | - | - | - |
| Rechargeable Repairs | - | - | - | - | - | - | - | - | - |
| Total From Other Activities | - | - | <u>1,750</u> | - | <u>1,750</u> | - | <u>(1,825)</u> | <u>(75)</u> | <u>(2,623)</u> |
| 2016 | - | <u>1,350</u> | - | - | <u>1,350</u> | - | <u>(3,973)</u> | <u>(2,623)</u> | |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The Officers are defined as the members of the Management Committee, the executive officers and employees of the Association reporting directly to the Director or the Management Committee.

| 2017 | 2016 |
|------|------|
| £ | £ |

No emoluments have been paid to any member of the Management Committee

No Officer of the Association received emoluments greater than £60,000

| | | |
|--|---------------|---------------|
| Emoluments payable to the Director (excluding pension contributions) | <u>45,279</u> | <u>44,832</u> |
|--|---------------|---------------|

| | | |
|--|--------------|--------------|
| Pension contributions paid on behalf of the Director | <u>6,351</u> | <u>6,288</u> |
|--|--------------|--------------|

There were no payments to board members during the year for reimbursement of expenses (2016-£nil)

6. EMPLOYEE INFORMATION

| | 2017 No | 2016 No |
|---|------------|------------|
| The Average monthly number of full time equivalent persons employed during the year was | <u>5</u> | <u>5</u> |

Staff Costs were:

| | | |
|---|----------------|----------------|
| Wages & Salaries | 187,476 | 180,369 |
| Social Security Costs | 20,183 | 15,488 |
| Pension Costs | 16,958 | 19,827 |
| Other Pension Costs – change in assumptions | 7,000 | (2,000) |
| Compensation for loss of office | <u>30,000</u> | <u>-</u> |
| | <u>261,617</u> | <u>213,684</u> |

A termination payment of £30,000 was made to the Housing Services Manager in June 2016 under a specific legal agreement.

7. GAIN ON SALE OF HOUSING STOCK

| | 2017 £ | 2016 £ |
|------------------|---------------|-----------|
| Sale Proceeds | 76,458 | - |
| Cost of Sales | (48,602) | - |
| Abatement on HAG | - | - |
| | <u>-</u> | <u>-</u> |
| Gain on sale | <u>27,856</u> | <u>-</u> |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2017 | 2016 |
|----------------------------|---------------|---------------|
| | £ | £ |
| On Bank Loans & Overdrafts | - | - |
| On Other Loans | <u>51,184</u> | <u>32,398</u> |
| | 51,184 | 32,398 |
| Less: Interest Capitalised | <u>-</u> | <u>-</u> |
| | <u>51,184</u> | <u>32,398</u> |

9. OPERATING SURPLUS FOR YEAR

| | 2017 | 2016 |
|------------------------------------|------------------|----------------|
| | £ | £ |
| Surplus is stated after charging:- | | |
| Depreciation | 376,812 | 374,100 |
| Auditors' Remuneration | 7,000 | 6,000 |
| - Audit Services | | |
| - Other Services | - | 500 |
| Operating Lease Rentals | - | - |
| - Land and Buildings | | |
| - Other | 10,727 | 16,296 |
| Gain on sale of fixed assets | (27,856) | - |
| Amortisation of Capital Grants | <u>(226,353)</u> | <u>229,752</u> |

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

| | 2017 | 2016 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Unwinding of Discounted Liabilities | <u>10,000</u> | <u>11,000</u> |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

| a) Housing Properties | Housing Properties Held for Letting | Housing Properties Under Construction | Completed Shared Ownership Properties | Total |
|------------------------------|--|--|--|--------------|
| | £ | £ | £ | £ |
| COST | | | | |
| As at 1 April 2016 | 19,504,262 | - | - | 19,504,262 |
| Additions | 44,530 | - | - | 44,530 |
| Disposals | (98,023) | - | - | (98,023) |
| As at 31 March 2017 | 19,450,769 | - | - | 19,450,769 |
| DEPRECIATION | | | | |
| As at 1 April 2016 | 5,066,638 | - | - | 5,066,638 |
| Charge for Year | 372,628 | - | - | 372,628 |
| Disposals | (49,421) | - | - | (49,421) |
| As at 31 March 2017 | 5,389,845 | - | - | 5,389,845 |
| NET BOOK VALUE | | | | |
| As at 31 March 2017 | 14,060,924 | - | - | 14,060,924 |
| As at 31 March 2016 | 14,437,624 | - | - | 14,437,624 |

Additions to housing properties includes capitalised development administration costs of £Nil (2016 - £Nil) and capitalised major repair costs to existing properties of £34,697 (2016 -£213,839).

All land and housing properties are heritable.

| b) Other Tangible Assets | Office Equipment | Furniture & Fittings | Total |
|---------------------------------|-------------------------|---------------------------------|--------------|
| | £ | £ | £ |
| COST | | | |
| As at 1 April 2016 | 54,341 | 46,357 | 100,698 |
| Additions | - | - | - |
| Disposals | - | - | - |
| As at 31 March 2017 | 54,341 | 46,357 | 100,698 |
| AGGREGATE DEPRECIATION | | | |
| As at 1 April 2016 | 27,176 | 44,889 | 72,065 |
| Charge for year | 2,716 | 1,468 | 4,184 |
| Disposals | - | - | - |
| As at 31 March 2017 | 29,892 | 46,357 | 76,249 |
| NET BOOK VALUE | | | |
| As at 31 March 2017 | 24,449 | - | 24,449 |
| As at 31 March 2016 | 27,165 | 1,468 | 28,633 |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

13. COMMITMENTS UNDER OPERATING LEASES

| At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:- | 2017 £ | 2016 £ |
|---|---------------|---------------|
| Not later than one year | 3,387 | 3,387 |
| Later than one year and not later than five years | 7,340 | 11,535 |
| Later than five years | - | 1,374 |
| | <u>10,727</u> | <u>16,296</u> |

14. DEBTORS

| | 2017 £ | 2016 £ |
|------------------------------------|---------------|---------------|
| Arrears of Rent & Service Charges | 70,113 | 66,083 |
| Less: Provision for Doubtful Debts | (15,204) | (15,204) |
| | <u>54,909</u> | <u>50,879</u> |
| Other Receivables | 6,360 | 45,157 |
| | <u>61,269</u> | <u>96,036</u> |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Bank Loans and Overdrafts | 158,506 | 164,703 |
| Trade Payables | 10,777 | 61,657 |
| Rent in Advance | 8,963 | 8,329 |
| Other Taxation and Social Security | 5,365 | 4,999 |
| Other Payables | 41,998 | - |
| Liability for Past Service Contribution Arrangements | 47,000 | 41,000 |
| Accruals and Deferred Income | 22,607 | 32,337 |
| | <u>295,216</u> | <u>313,025</u> |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

| a) | 2017 £ | 2016 £ |
|--------------------------------|------------------|------------------|
| Housing Loans | | |
| Due between one and two years | 158,506 | 164,707 |
| Due between two and five years | 475,517 | 494,120 |
| Due in five years or more | <u>2,234,786</u> | <u>2,403,011</u> |
| | <u>2,868,809</u> | <u>3,061,838</u> |

The Association has a number of long term housing loans secured by specific charges on the Association's housing properties. These loans are due for repayment in instalments as detailed above, at rates of interest varying from 0.9% to 2.1%.

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the terms of the loans.

b)

| | | |
|---|----------------|----------------|
| Liability for Past Service Contribution Arrangements: | <u>191,000</u> | <u>425,000</u> |
|---|----------------|----------------|

17. STATEMENT OF CASH FLOWS

| Reconciliation of operating surplus to balance as at 31 March 2017 | 2017 £ | 2016 £ |
|--|-----------------|----------------|
| Operating Surplus | 107,550 | 179,423 |
| Depreciation | 376,812 | 374,100 |
| Amortisation of Capital Grants | (225,043) | (229,752) |
| Change in debtors | 34,767 | (49,311) |
| Change in creditors | (17,612) | (2,112) |
| Movement in Pension Liability | (39,000) | (40,990) |
| Cancelled Shares | (3) | - |
| Change in pension actuarial assumption | 7,000 | (2,000) |
| Grant Abatement | <u>(43,308)</u> | <u>(666)</u> |
| Balance as at 31 March 2017 | <u>201,163</u> | <u>228,692</u> |

18. DEFERRED INCOME

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| <i>Social Housing Grants</i> | | |
| Balance as at 1 April 2016 | 10,788,825 | 10,248,955 |
| Additions in year | - | 770,288 |
| Released / Repaid as the result of property disposal | (43,308) | (666) |
| Amortisation in Year | <u>(225,043)</u> | <u>(229,752)</u> |
| Balance as at 31 March 2017 | <u>10,520,474</u> | <u>10,788,825</u> |

This is expected to be released to the Statement of Comprehensive Income as follows:

| | | |
|---------------------------------|-------------------|-------------------|
| Amounts due within one year | 225,043 | 229,752 |
| Amounts due in one year or more | <u>10,295,431</u> | <u>10,559,073</u> |
| | <u>10,520,474</u> | <u>10,788,825</u> |

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

19. SHARE CAPITAL

| | |
|---|------------|
| Shares of £1 each Issued and Fully Paid | £ |
| At 1 April 2016 | 102 |
| Issued in year | 5 |
| Cancelled in year | (3) |
| At 31 March 2017 | <u>104</u> |

20. HOUSING STOCK

| The number of units of accommodation in management at the year end was:- | 2017 No. | 2016 No. |
|--|-------------|-------------|
| General Needs - New Build | 201 | 203 |
| - Improved | 24 | 24 |
| - Commercial | 1 | 1 |
| Supported Housing | - | - |
| | <u>226</u> | <u>228</u> |

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102

The related party relationships of the members of the Management Committee are summarised as:

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee - £26,538
- At the year-end total rent arrears owed by the tenant members of the Committee were £2,548

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 24 Avondale Street, Ruchazie, Glasgow, G33 3QS.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Glasgow

23. RETIREMENT BENEFIT OBLIGATIONS

General

Ruchazie Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

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 year under FRS102 represents the employer contribution payable.

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 £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m, (equivalent to a past service funding level of 56%)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2015. 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 £616million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £198million, equivalent to a past service funding level of 76%

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £238,000 (2016 – £466,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.06%

In addition as a result of the 2015 Actuarial Valuation the liability for the Pension deficit was recalculated resulting in a significant reduction to the pension deficit liability of £206,000.

The Association made payments totalling £62,958 (2016: £55,826) to the pension scheme during the year. This is inclusive of deficit payments of £39,000 (2016 - £38,000).