

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Registered Housing Association Number: HCB 277
Charity Registration Number: SC041911
FCA Reference Number: 2420R (S)

RUCHAZIE HOUSING ASSOCIATION LIMITED

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RUCHAZIE HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019

MEMBERS OF THE MANAGEMENT COMMITTEE

H Holland	Chairperson (appointed 05/04/2018)
B Tollett	Vice Chairperson
A Macdonald	Secretary
A Galor	Committee Member
R Rigley	Committee Member
M Caldwell	Committee Member (appointed 25/09/2018)
I Figacz	Committee Member (appointed 25/09/2018)
E McQueen	Committee Member (appointed 25/09/2018)
P Uti	Committee Member (appointed 25/09/2018)
C. Lindsay	Committee Member (resigned 19/06/2018)
K Anderson	Appointee
W Banks	Appointee
T Brock	Appointee (until 31/03/2019)
J Cosgrove	Appointee

EXECUTIVE OFFICERS

J. Shields	Interim Director
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STATUTORY MANAGERS

R Farrar (appointed 01/04/2018 – 31/12/2018)

P Rydquist (appointed 07/01/2019)

REGISTERED OFFICE

24 Avondale Street
Ruchazie
Glasgow
G33 3QS

AUDITOR

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

BANKERS

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

SOLICITORS

BTO Solicitors LLP
48 St Vincent St.
Glasgow
G2 5HS

RUCHAZIE HOUSING ASSOCIATION LIMITED REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

The Management Committee presents their report [including the strategic report] and the audited Financial Statements for the year ended 31 March 2019.

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 activities of the Association are

- The provision and management of affordable rented social housing.
- The maintenance and repair of the Associations' properties
- The provision of a factoring service to private tenants

Review of business and future developments

The Scottish Housing Regulator in March 2018, appointed a manager and four appointees to the Management Committee to Ruchazie under Section 56 of the Housing (Scotland) Act 2010. The purpose of this appointment was to address a number of identified risks in relating to governance and financial management matters which were highlighted in an independent investigation report. These appointments were also to assist and support the Management Committee in ensuring that the Association's affairs are managed to an appropriate standard. This appointment continues and in April 2019 the number of appointees was reduced to 3.

The year to March 2019 proved to be a challenge for the association but the Management Committee is confident that working with the Statutory Manager to develop and implement improvement plans will strengthen their position and allow the organisation to move forward.

Despite the challenges faced the Association continues to provide services to our customers and achieve positive outcomes. There is stability within the staff team who are committed to delivering the best services to our tenants and other customers. The appointment of an internal finance function has improved our reporting to committee and this has been welcomed by both committee and staff.

Our performance continues to be strong amongst our peers of similar size and in our immediate location.

- | | |
|---|-------|
| • Gross rent arrears at | 2.67% |
| • Low void losses | 0.03% |
| • A tenant satisfaction survey with good outcomes | |
| ○ Tenant satisfaction with overall service | 96% |
| ○ Keeping tenants informed | 99% |
| ○ Opportunities to participate | 100% |
| ○ Satisfied with their home and neighbourhood | 94% |

The association continues to maintain our homes and has completed an external paintwork contract at Phase 3 and installed new kitchens in Phase 2.

Tenants identified that the play park provided as part of Phase 4 lacked in play equipment. With the help and funding support from Glasgow City Council and Tesco Helping Hands we have been able to improve the play park, and continue to work with community groups to enhance the space.

RUCHAZIE HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2019

In the coming year the Association expects to continue with the kitchen replacement programme, begin a programme of boiler replacement and put in place a programme of work to ensure that all our homes meet Fire Safety Compliance by 2021. We also aim to

- Complete an options appraisal and decide on its future
- Progress outcomes from the options appraisal
- Largely complete our governance improvement plans
- Continue with its planned programme of stock investment
- Review services provided to address effects of welfare reform

Governance

The Management Committee is responsible for overseeing the strategic direction and providing an overview of the performance of the Association. The Association rules provide for up to 15 members. In September 2018 at the AGM there were 4 new Committee members elected in accordance with our rules. At 31st March there were 13 members, including 4 appointed members.

In March 2018 the SHR issued a Regulation Plan which was updated to high engagement. A Statutory Manager was appointed and remained in position until December 2018. In January 2019 a new Statutory Manager was appointed and a review of governance and financial management was completed in March 2019. Following the review an improvement plan was adopted by the Management Committee and an options appraisal will be completed by Autumn 2019. This will be presented to the Management Committee to allow an informed decision to be made on the future direction of the organisation.

Risk Management

The Association is aware that change brings additional risks which must be controlled effectively. Our current status of engagement with the Regulator clearly indicated that there are risks to the interests of our tenants due to weaknesses in Governance and Financial Management. However, the Management Committee are confident that the Improvement Plan will show significant progress in this year.

Financial Review

The Association made a surplus for the year of £94,551 (2018 - £287,612). £24,729 was spent on planned maintenance which has been capitalised.

Turnover of £1,205,702 relates to income from the letting of properties at affordable rents. Rent increases during 2018/19 were 2%.

At 31 March 2019 £1,577,392 was held in reserves.

Committee of Management and Executive Officers

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

Auditors

A resolution to appoint auditors will be proposed at the Annual General Meeting. The contract for the audit for the year ending 31 March 2020 was put out to tender in July 2019

RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2019

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies 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.

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.

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2019**

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 misstatement 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.

**RUCHAZIE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019. 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.

By order of Management Committee

Signature



A MacDonald

Secretary

Date: 24/09/2019

RUCHAZIE HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITOR TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING ASSOCIATION
ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2019**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 and 6 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 pages 5 and 6 has provided the disclosures required by the relevant Regulatory Standards within 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 Auditor
133 Finnieston Street
GLASGOW
G3 8HB

Date: 24/09/2019.

RUCHAZIE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

OPINION

We have audited the financial statements of Ruchazie Housing Association for the year ended 31 March 2019 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

RUCHAZIE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you, if in our opinion:

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

RESPONSIBILITIES OF COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on page 4, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

RUCHAZIE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF RUCHAZIE HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019

sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

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.



French Duncan LLP
Chartered Accountants and Statutory Auditor
133 Finnieston Street
GLASGOW
G3 8HB

Date: 24/09/2019

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
REVENUE	2	1,205,702	1,182,060
Operating costs	2	<u>(956,626)</u>	<u>(849,585)</u>
OPERATING SURPLUS	2, 9	249,076	332,475
Interest receivable and other similar income		1,055	1,747
Interest payable and other similar charges	7	(52,580)	(43,610)
Other Finance Charges	10	<u>(7,000)</u>	<u>(3,000)</u>
		<u>(58,525)</u>	<u>(44,863)</u>
SURPLUS FOR THE YEAR		190,551	287,612
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit scheme	22	(93,000)	-
Actuarial losses in respect of pension scheme	22	(3,000)	-
TOTAL COMPREHENSIVE INCOME		<u>94,551</u>	<u>287,612</u>

The results for the year relate wholly to continuing activities.

The notes on page 15 to 36 form part of these financial statements.

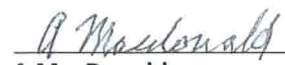
RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

		2019	As restated 2018
	Notes	£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11(a)	13,381,641	13,722,306
Other tangible fixed assets	11(b)	<u>19,560</u>	<u>21,733</u>
		13,401,201	13,744,039
CURRENT ASSETS			
Debtors	13	40,218	28,957
Investments		400,000	400,000
Cash at bank and in hand		<u>571,057</u>	<u>537,086</u>
		1,011,275	966,043
CREDITORS: amounts falling due within one year	14	<u>(298,489)</u>	<u>(311,594)</u>
NET CURRENT ASSETS		<u>712,786</u>	<u>654,449</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,113,987	14,398,488
CREDITORS: amounts falling due after more than one year			
housing property loans	15	(2,566,961)	(2,739,312)
Pension - deficit funding liability		-	(144,000)
PROVISION FOR LIABILITIES			
Pension - defined benefit liability	22	(246,000)	-
DEFERRED INCOME			
Social Housing Grants	17	(9,723,571)	(10,032,231)
		<u>1,577,455</u>	<u>1,482,945</u>
EQUITY			
Share capital	18	63	104
Revenue reserve	18	<u>1,577,392</u>	<u>1,482,841</u>
		<u>1,577,455</u>	<u>1,482,945</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 24/09/2019.


H Holland
Chairperson


A Galor
Committee Member


A MacDonald
Secretary

The notes on page 15 to 36 form part of these financial statements.

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

		2019	As restated
	Notes	£	2018
			£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>268,374</u>	<u>344,053</u>
INVESTING ACTIVITIES			
Purchase of other fixed assets	(24,729)		(23,304)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(24,729)</u>	<u>(23,304)</u>
NET CASH INFLOW BEFORE FINANCING		243,645	320,749
FINANCING ACTIVITIES			
Issue of ordinary share capital	27		4
Interest received	1,055		1,747
Interest paid	(52,580)		(43,610)
Loan principal repayments	(158,176)		(144,002)
NET CASH OUTFLOW FROM FINANCING		<u>(209,674)</u>	<u>(185,861)</u>
INCREASE IN CASH		33,971	134,888
OPENING CASH AND CASH EQUIVALENTS		537,086	402,198
CLOSING CASH AND CASH EQUIVALENTS		<u><u>571,057</u></u>	<u><u>537,086</u></u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2018	104	1,482,841	1,482,945
Issue of Shares	27	-	27
Cancelled shares	(68)	-	(68)
Surplus for Year	-	190,551	190,551
Pension Scheme Adjustments		(96,000)	(96,000)
Balance as at 31 March 2019	<u>63</u>	<u>1,577,392</u>	<u>1,577,455</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2017	104	1,251,914	1,252,018
Issue of Shares	4	-	4
Cancelled shares	(4)	-	(4)
Surplus for Year	-	287,612	287,612
Prior year adjustment	-	(56,685)	(56,685)
Balance as at 31 March 2018	<u>104</u>	<u>1,482,841</u>	<u>1,482,945</u>

Note 1

A prior year adjustment has been incorporated to realign rental income to the correct financial year. In previous years rental income was accounted for as the rental charge became due. This did not take account of rents being charged one month in advance.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative 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.

Basis of Accounting

These financial statements have been 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 Housing Requirements 2014 as issued 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).

Following the introduction of FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans), the Association now accounts for the SHAPS pension scheme on a defined benefit basis. Further details are given in the retirement benefits policy 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 the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Historically the scheme was accounted for as a defined contribution scheme as there was insufficient information for each social landlord's share of SHAPS to allow for defined benefit accounting. The liability previously recognised for the present value of the social landlord's deficit funding agreement has been derecognised. The difference between the deficit funding agreement liability social landlords historically recognised for SHAPS, and the net DB deficit for SHAPS, has been recognised in other comprehensive income (OCI). This accounting policy change has been accounted for in accordance with FRED 71: Draft Amendments to FRS 102: Multi-employer defined benefit plans as a matter of best practice. FRED 71 is an exposure draft and has not yet been implemented into financial reporting standards.

Further details of the scheme and its assumptions are included at note 22.

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchens	18 years straight line
Bathrooms	30 years straight line
Central Heating	15 years straight line
Windows	30 years straight line
Structure	50 years straight line

Depreciation and Impairment of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	10% reducing 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. The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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.

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.

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 FRS 102.

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.

c) Pension liability

In May 2019 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in the accounts. The Management Committee consider this is the best estimate of their scheme liability.

Financial Instruments – Basic

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

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

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

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2019		2018				
	Revenue	Operating Costs	Operating surplus/ (deficit)	Revenue	Operating Costs	Operating surplus/ (deficit)	
	£	£	£	£	£	£	
Social letting activities	3	1,168,235	(921,926)	246,309	1,162,189	(831,791)	330,398
Other activities	4	37,467	(34,700)	2,767	19,871	(17,794)	2,077
Total		<u>1,205,702</u>	<u>(956,626)</u>	<u>249,076</u>	<u>1,182,060</u>	<u>(849,585)</u>	<u>332,475</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	2019 Total £	2018 Total £
Revenue from lettings			
Rent receivable net of identifiable service charges	857,138	857,138	850,323
Service charges receivable	3,730	3,730	3,340
Gross rents receivable	<u>860,868</u>	<u>860,868</u>	<u>853,663</u>
Less rent losses/write backs from voids	(237)	(237)	(1,040)
Net rents receivable	<u>860,631</u>	<u>860,631</u>	<u>852,623</u>
Amortisation of Social Housing & Other Grants	307,604	307,604	309,566
Total income from social letting	<u><u>1,168,235</u></u>	<u><u>1,168,235</u></u>	<u><u>1,162,189</u></u>
Expenditure on social letting activities			
Management and maintenance administration costs	393,297	393,297	320,440
Planned and cyclical maintenance including major repairs	106,634	106,634	68,646
Reactive maintenance	60,206	60,206	73,407
Community engagement costs	3,980	3,980	-
Bad debts - rents and service charges	(6,596)	(6,596)	7,376
Depreciation of social housing	<u>364,405</u>	<u>364,405</u>	<u>361,922</u>
Operating costs of social letting	<u><u>921,926</u></u>	<u><u>921,926</u></u>	<u><u>831,791</u></u>
Operating surplus on social letting activities	<u><u>246,309</u></u>	<u><u>246,309</u></u>	<u><u>330,398</u></u>
2018	<u><u>330,398</u></u>	<u><u>330,398</u></u>	

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4. PARTICULARS OF INCOME AND EXPENDITURE 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) 2019 £	Operating surplus/ (deficit) 2018 £
Stage 3 adaptations	-	25,692	-	-	25,692	-	(23,356)	2,336	1,623
Development Funding	-	-	-	9,500	9,500	-	(9,469)	31	-
Factoring	-	-	-	400	400	-	-	400	454
Support activities	-	-	-	1,875	1,875	-	(1,875)	-	-
Other income/ (expenditure)	-	-	-	-	-	-	-	-	-
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	-	25,692	-	11,775	37,467	-	(34,700)	2,767	2,077
TOTAL FROM OTHER ACTIVITIES FOR 2018	-	-	-	19,871	19,871	-	(17,794)	2,077	

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2019	2018
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	-
Emoluments payable to the director (excluding pension contributions)	36,817	65,492
Pension contributions paid on behalf of the director	4,639	3,941
Total emoluments paid to key management personnel	<u>45,374</u>	<u>72,794</u>
	Number	Number
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	<u>-</u>	<u>-</u>

There were no payments to board members during the year for reimbursement of expenses (2018 - £nil).

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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6. EMPLOYEE INFORMATION

	2019	2018
	£	£
Staff costs during the year:		
Wages and salaries	133,038	133,277
Social security costs	9,933	11,973
Pension costs	13,373	11,728
Employer past service pension deficit costs	(1,000)	(2,000)
Compensation for loss of office	-	30,000
	<u>155,344</u>	<u>184,978</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>4</u>	<u>4</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Bank loans and overdrafts	<u>52,580</u>	<u>43,610</u>

8. OPERATING SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	366,578	364,638
Auditor's remuneration - audit services	10,834	7,000
Operating lease rentals - land and buildings	-	-
- other	1,374	4,332
Gain on disposal of fixed assets	67	-
Amortisation of capital grants	<u>(307,604)</u>	<u>(309,566)</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

10. OTHER FINANCE INCOME/CHARGES

	2019	2018
	£	£
Unwinding of discounted liabilities	-	3,000
Defined benefit pension interest expense	7,000	-
	<u>7,000</u>	<u>3,000</u>

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Total
	£	£
COST		
At start of year	19,459,360	19,459,360
Additions	24,729	24,729
Disposals	(15,691)	(15,691)
At end of year	<u>19,468,398</u>	<u>19,468,398</u>
DEPRECIATION		
At start of year	5,737,054	5,737,054
Charged during year	364,405	364,405
Eliminated on disposal	<u>(14,702)</u>	<u>(14,702)</u>
At end of year	<u>6,086,757</u>	<u>6,086,757</u>
NET BOOK VALUE		
At end of year	<u>13,381,641</u>	<u>13,381,641</u>
At start of year	<u>13,722,306</u>	<u>13,722,306</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2018 - £Nil) and capitalised component replacement costs to existing properties of £24,729 (2018 - £23,304).

All land and housing properties are heritable.

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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11(b) Other tangible assets

	Office Premises £	Furniture & Fittings £	Total £
COST			
At start of year	54,341	46,357	100,698
Additions	-	-	-
Disposals	-	-	-
At end of year	<u>54,341</u>	<u>46,357</u>	<u>100,698</u>
DEPRECIATION			
At start of year	32,608	46,357	78,965
Charged during year	2,173	-	2,173
Disposals	-	-	-
At end of year	<u>34,781</u>	<u>46,357</u>	<u>81,138</u>
NET BOOK VALUE			
At end of year	<u>19,560</u>	<u>-</u>	<u>19,560</u>
At start of year	<u>21,733</u>	<u>-</u>	<u>21,733</u>

12. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,021	2,319
Later than one year and not later than five years	2,595	4,830
Later than five years	-	-
	<u>3,616</u>	<u>7,149</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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13. DEBTORS

	2019	As restated 2018
	£	£
Arrears of Rent & Service Charges	23,908	27,641
Less: Provision for Doubtful Debts	<u>(10,604)</u>	<u>(19,710)</u>
	13,304	7,931
Allpay Debtors	13,998	15,031
Prepayments and accrued income	<u>12,916</u>	<u>5,995</u>
	<u>40,218</u>	<u>28,957</u>

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	As restated 2018
	£	£
Bank loans and overdrafts	158,176	144,001
Trade payables	27,007	11,766
Rent in Advance	39,732	37,466
Other Taxation and Social Security	3,365	3,258
Other Payables	41,998	41,998
Liability for Past Service Contribution Arrangements	-	48,000
Accruals and Deferred Income	<u>28,211</u>	<u>25,105</u>
	<u>298,489</u>	<u>311,594</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£	£
Housing loans	<u>2,566,961</u>	<u>2,739,312</u>

The Association has a number of long term housing loans, the terms and conditions of which are as follows:
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 below, 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 term of the loans.

Between one and two years	158,176	144,001
Between two and five years	474,528	432,003
In five years or more	<u>1,934,257</u>	<u>2,163,308</u>
	<u>2,566,961</u>	<u>2,739,312</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2019	2019	2018
	£	£
Operating Surplus	249,076	332,475
Depreciation	366,578	364,638
Amortisation of Capital Grants	(307,604)	(309,566)
(Gain) on assets scrapped	(67)	-
Change in debtors	(11,261)	13,093
Change in creditors	20,720	(7,583)
Movement in pension liability	(49,000)	(47,000)
Cancelled shares	(68)	(4)
Change in pension actuarial assumption	-	(2,000)
Balance as at 31 March 2019	<u>268,374</u>	<u>344,053</u>

17. DEFERRED INCOME

	2019	2018
	£	£
Social Housing Grants		
Balance as at 1 April 2018	10,032,231	10,341,797
Released as the result of property disposal	(1,056)	-
Amortisation in Year	(307,604)	(309,566)
Balance as at 31 March 2019	<u>9,723,571</u>	<u>10,032,231</u>
Total deferred grants	<u>9,723,571</u>	<u>10,032,231</u>

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

Amounts due within one year	307,604	309,566
Amounts due in one year or more	<u>9,415,967</u>	<u>9,722,665</u>
	<u>9,723,571</u>	<u>10,032,231</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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18. RESERVES

Share Capital	2019	2018
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2018	104	104
Issued in year	27	4
Cancelled in year	(68)	(4)
At 31 March 2019	<u>63</u>	<u>104</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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.

Reserves	2019	2018
	£	£
At 1 April 2018	1,482,841	1,251,914
Surplus for year	190,551	287,612
Pension scheme adjustments	(96,000)	-
Prior year adjustment	-	(56,685)
At 31 March 2019	<u>1,577,392</u>	<u>1,482,841</u>

A prior year adjustment has been incorporated to realign rental income to the correct financial year. In previous years rental income was accounted for as the rental charge became due. This did not take account of rents being charged one month in advance.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019	2018
	No.	No.
General Needs - New Build	201	201
General Needs - Improved	24	24
General Needs - Commercial	<u>1</u>	<u>1</u>
	<u>226</u>	<u>226</u>

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
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20. 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 – £18,489.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £1,048.

21. 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.

RUCHAZIE HOUSING ASSOCIATION LIMITED
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22. RETIREMENT BENEFIT OBLIGATIONS

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

	2019	2018
	£	£
As at 1 April 2018	192,000	238,000
De-recognition of deficit funding liability	(192,000)	-
Recognition of defined benefit obligation	285,000	-
Current Service Cost	15,000	-
Net Interest expense	7,000	3,000
Expenses	2,000	-
Deficit Contributions Paid	(66,000)	(47,000)
Impact of change in assumptions	3,000	(2,000)
As at 31 March 2019	<u>246,000</u>	<u>192,000</u>

As a result of the pension re-measurement basis during the year the movement in the opening pension liability of £93,000 is shown separately in the Statement of Comprehensive Income.

The Association has commitments to pay £49,788 during the year ended 31 March 2020.

RUCHAZIE HOUSING ASSOCIATION LIMITED
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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,
FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	31 March 2019 (£000s)	31 March 2018 (£000s)
Fair value of plan assets	1,292	1,618
Present value of defined benefit obligation	1,538	1,903
Surplus (deficit) in plan	(246)	(285)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(246)	(285)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2019 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	1,903
Current service cost	15
Expenses	2
Interest expense	42
Contributions by plan participants	12
Actuarial losses (gains) due to scheme experience	64
Actuarial losses (gains) due to changes in demographic assumptions	4
Actuarial losses (gains) due to changes in financial assumptions	100
Benefits paid and expenses	(604)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	1,538

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	1,618
Interest income	35
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	165
Contributions by the employer	66
Contributions by plan participants	12
Benefits paid and expenses	(604)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,292

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £305,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	15
Expenses	2
Net interest expense	7
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	24

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	165
Experience gains and losses arising on the plan liabilities - gain (loss)	(64)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(4)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(100)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(3)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(3)

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22. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	208	291
Absolute Return	109	192
Distressed Opportunities	22	7
Credit Relative Value	22	-
Alternative Risk Premia	72	61
Fund of Hedge Funds	4	47
Emerging Markets Debt	41	55
Risk Sharing	37	15
Insurance-Linked Securities	34	44
Property	26	64
Infrastructure	54	30
Private Debt	17	15
Corporate Bond Fund	91	113
Long Lease Property	16	-
Secured Income	45	59
Over 15 Year Gilts	33	52
Index Linked All Stock Gilts	-	-
Liability Driven Investment	460	570
Net Current Assets	1	3
Total assets	1,292	1,618

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.31%	2.58%
Inflation (RPI)	3.29%	3.18%
Inflation (CPI)	2.29%	2.18%
Salary Growth	3.29%	3.18%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

RUCHAZIE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (continued)

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

23. CAPITAL COMMITMENTS

	2019 £	2018 £
Expenditure contracted but not provided for in accounts	-	-