



**RUTHERGLEN AND CAMBUSLANG
HOUSING ASSOCIATION LIMITED**

**GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

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Registration information

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, DIRECTOR, MANAGEMENT TEAM AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

Chairperson of the Management Committee

Robert McLeary

Vice-Chairperson

Edward Harkins

Secretary

Geraldine Baird

Management Committee Members

Nora Dillon

Jean Gow

Gary Gow

Karen McCartney

Mary Ellen McKeown

Eveline Thompson

Frances Cunningham

Edward Harkins

Christine McPhail

Jean Stewart

Director

Dave Anderson (retired 06/11/2020)

Elaine Lister (appointed 16/11/2020)

Management Team

Jim Kerr, Senior Housing Officer

Ronnie Cunningham, Senior Housing Officer

John McNulty, Maintenance Manager

Registered Office

Aspire Business Centre
16 Farmloan Road
Rutherglen
Glasgow
G73 1DL

Auditor

Azets Audit Services
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Bankers

Bank of Scotland
82 Main Street
Rutherglen
Glasgow
Glasgow
G73 2HZ

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

Kelly & Co
184 Abercromby Street
Glasgow
G40 2RZ

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee has pleasure in presenting its report incorporating the Strategic Report together with the audited financial statements for the year ended 31 March 2021.

Objectives and Strategy

The group consists of Rutherglen & Cambuslang Housing Association and its subsidiary, Aspire Community Development Company Ltd, whose principal activity is the letting of commercial property.

The Association was officially registered in 1980 to address the deterioration of the tenemental properties in Rutherglen. In the intervening years it expanded its areas of operations to include Cathkin, Cambuslang, Hallside Village and other surrounding areas as well as expanding its scope of work to include the development of new affordable housing.

As part of the Association's Business Planning process, its overall strategic objective was reviewed in February 2020 and remains the commitment to provide good quality housing, promote innovation and encourage community engagement and involvement.

To achieve this, the business objectives were identified as being;

- Continuing to implement the asset management strategy with a focus on complying with SHQS and EESSH;
- Minimising the adverse impact of the roll out of Universal Credit and other welfare reforms on both the Association and its tenants;
- Meeting, and where possible, surpassing the performance obligations to lenders, Scottish Housing Regulator and other stakeholders;
- The provision of good quality homes and services at the right price for customers;
- Ensuring effective succession of staff and committee members and developing the skills of the team; and
- Considering the risk Brexit presents to the Association's continuing ability to deliver services to tenants and other customers that meet their needs and expectations.

Performance of Business Association

Since March 2020 the focus of the Association has been supporting its tenants through the COVID pandemic and continuing to deliver services while complying with the Scottish Government's restrictions.

However, priorities for the Association also included many that had been identified prior to the pandemic including;

- Preparing for the full roll out of Universal Credit and mitigating the impact on tenants;
- Supporting tenants experiencing fuel poverty by providing well maintained, fuel efficient properties;
- Preparing for the retirement of the long-standing Director; and
- Ensuring the ongoing effective governance and management of the organisation.

Despite the challenges the Association continued to be a well performing organisation, comparing favourably with other RSLs in almost all of the key performance indicators. Key achievements have included;

- Rent arrears of 2.7%;
- Completion of 18 new affordable rented homes at Hamilton Road ;
- A successful, remote AGM;
- Ongoing management of business through scheduled Management Committee meetings;
- Recruitment of a new Director;
- Allocation of new and vacant homes within an average 49 days; and
- Carrying out 99.89% of the gas safety checks by their anniversary (one delayed due to COVID).

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Unfortunately, due to the COVID pandemic, the Association was unable to carry out its planned maintenance programme, much of the annual cyclical works or its plans for complying with EESSH & SHQS. These will be reviewed and programmed in for completion over the next year.

The Association has a strong track record in developing new affordable housing and, as a result, lenders have indicated a willingness to support opportunities for further developments in the future. This is supported by the introduction of higher subsidies for new build development by the Scottish Government and, as a result, the Association is considering proposals for the constructing a further 53 flats and family homes.

The Association also completed a comprehensive tenant satisfaction survey in November 2020 and this demonstrated that there is a high level of satisfaction amongst its tenants with;

- 94% of tenants being either very or fairly satisfied with the Association as a landlord.
- 99% of tenants being either very or fairly satisfied with the Association with regards to keeping them informed.
- Of the tenants that had a repair carried out in the last 12 months, 94% were very or fairly satisfied with the service that they received compared to 2% who were either very or fairly dissatisfied and 4% who were neither satisfied nor dissatisfied.
- Satisfaction with the customer care aspects of the repairs service was also very high with satisfaction ranging from 93% in terms of the length of time taken to undertake the repair to 100% in terms of the helpfulness of the Association staff involved and the system for reporting repairs.
- Regarding rents and financial management, tenants were positive about the value for money their rent represents with 83% feeling that their rent represented good value for money.

As part of the review of the Business Plan, the Association carries out regular sensitivity testing on its 30-year financial projections. These were revised in 2020 to take into account the additional new build units and loan commitments. By doing so, the Association seeks to ensure that it has sufficient resources to meet its obligations and legal requirement and its ambitions regarding tenants' needs and expectations as well having the scope to make significant progress with building sustainable, engaged communities in the future.

The revised financial projections were factored into the review of our Business Plan and a revised Plan for the period 2021 – 2022 was agreed in March 2021.

Aspire Community Development Company Limited

Turnover decreased from £94,538 to £88,250 in 2021. The profit after providing for taxation amounted to £23,425 (2020 - £26,858).

Risk and Uncertainties

The Association recognises that it is not immune from the current economic and political uncertainty and potentially faces a number of challenges such as;

- Rises in interest rates;
- The impact of recent welfare reforms and possible further changes to the system;
- Limited access to grants and subsidies;
- Lower grants being awarded;
- Reduced number of lenders willing to lend to the sector;
- Higher loan margins and setup costs;
- Pension deficits;
- Increased SHR and lenders monitoring;
- More onerous regulatory requirements; and
- More onerous and costly building standards.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

These and other challenges present risks to the Association and it has, therefore, developed a Risk Register that identifies the key risks, the real level of the risk and the control measures the Association has in place to mitigate or eliminate the impact if the risk. As part of the Risk Management Strategy, the register is regularly reviewed and updated to ensure the Association is fully aware of the risks it faces and is effectively managing them.

Governance

The Management Committee understands that good governance is critical in ensuring the Association is a well performing organisation, protecting its long term viability and is providing the highest standard of service to its customers.

The Association is extremely fortunate to have a committed Management Committee that has a wealth of experience in managing the Association's by bringing a wide variety of skills, experience and knowledge that add to the organisation's strength and success.

In recognition of the Regulatory requirements regarding the continuing effectiveness of Management Committee members, the Association carries out an annual appraisal of each member's skills and develops a training plan for the Committee members individually and collectively to ensure the Committee remains skilled and knowledgeable.

The need to bring new ideas and skills to the Committee is also recognised and the Association therefore carried out a comprehensive review of its Succession & Recruitment Planning Policy that put in place a framework for meeting the regulatory requirements.

Following a review of the self-assessment exercise carried out in 2019, the Association submitted its second Annual Assurance Plan that showed that it was fully compliant with the Regulatory Standards.

The Association's 3-year contract with Alexander Sloan to provide Internal Audit services has now ended and the Association will be tendering for a new auditor for the next 3-year period. It is also planning on tendering for external auditors during the coming year.

Impact of Covid-19

The impact of the Covid-19 pandemic started just prior to the end of the financial year with a national lockdown taking place on the 23 March 2021 and, as a result, the Association had to close its office. Fortunately, due to effective Business Continuity Plan, staff were able to continue providing services by working from home through a secure connection to the Association's network.

A recent tenants COVID survey carried out by Research Resources on behalf of the Association found that;

- 84% felt the Association had kept them informed of the changes to the services being provided by the Association as a result of the pandemic;
- 91% were satisfied with the level of service provided by the Association throughout the pandemic; and
- 90% did not feel that the office being closed had adversely affected their tenancy or their relationship with the Association.

Other than the inability to carry out the planned maintenance programme and the need to finance a more demanding programme in the coming year, the impact of the COVID pandemic is not anticipated that it will have a significant adverse effect on the Association as it remains in a strong financial position and enjoys a high level of customer satisfaction. However, the situation and its impact will be closely monitored going forward and, if required, the financial and business plans will be adjusted as required.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Statement on Internal Financial Control

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal controls for the year ended 31 March 2021. No weaknesses were found in the internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements.

Statement of the Management Committee's Responsibilities

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

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

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

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2021**

Disclosure of Information to the Auditor

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

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

Auditor

A resolution to re-appoint Azets Audit Services as auditor will be put to the members at the annual general meeting.

Approved by the Management Committee and signed on its behalf on 7 September 2021 by:


Robert McLeary
Chairperson



RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL FOR THE YEAR ENDED 31 MARCH 2021

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 control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

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



Azets Audit Services

Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Dated: 7 September 2021

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited (the "Parent Association") and its subsidiaries (the "Group") for the year ended 31 March 2021 which comprise the Group and Association Statements of Comprehensive Income, the Group and Association Statements of Changes in Capital and Reserves, the Group and Association Statements of Financial Position, the Group and Association Statements of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Parent Association's affairs as at 31 March 2021 and of the Group's and the Parent Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

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 Group and Parent Association in accordance with the ethical requirements that are relevant to our audit of the 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 audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Other information (continued)

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 knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which 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 by the Parent Association; or
- the Parent Association has not kept proper accounting records; or
- the Parent Association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 5, the Management Committee is 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 Management Committee 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 is responsible for assessing the Group's and the Parent 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 Management Committee either intend to liquidate the Group or the Parent Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Auditor's responsibilities for the audit of the financial statements (continued)

We obtain and update our understanding of the Group and the Parent Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Parent Association are complying with that framework. Based on this understanding, we 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 sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group and the Parent Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the Parent Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Parent Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Management Committee and relevant sub-committees;
- enquiring of the senior management team and the Management Committee as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and Parent Association's legal advisors.

We assessed the susceptibility of the Group's and the Parent Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Management Committee as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Auditor's responsibilities for the audit of the financial statements (continued)

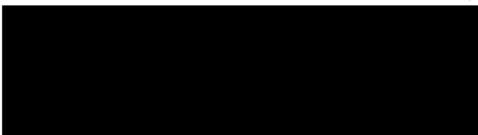
To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

Use of our report

This report is made solely to the Parent 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 Parent Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Association and the Parent Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 7 September 2021

Azets Audit Services is eligible for appointment as auditor of the Group and Parent Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	4,174,150	3,992,492
Operating expenditure	4	(2,779,864)	(3,241,124)
Operating surplus	4, 8	1,394,286	751,368
Gain on disposal of property, plant and equipment		-	5,065
Interest receivable and other income	9	534	4,711
Interest payable and similar charges	10	(184,744)	(305,290)
Gain on revaluation of investment property	12	26,250	-
Surplus for the year before taxation		1,236,326	455,854
Taxation	11	-	-
Surplus for the year after taxation		1,236,326	455,854
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	22	(654,000)	715,000
Total comprehensive income for the year		582,326	1,170,854

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Turnover	4	4,086,400	3,893,454
Operating expenditure	4	(2,730,230)	(3,186,990)
Operating surplus	4, 8	1,356,170	706,464
Gain on disposal of property, plant and equipment		-	5,065
Interest receivable and other income	9	9,266	13,139
Interest payable and similar charges	10	(178,785)	(295,672)
Gain on revaluation of investment property	12	26,250	-
Surplus for the year before tax		1,212,901	428,996
Tax	11	-	-
Surplus for the year after tax		1,212,901	428,996
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	22	(654,000)	715,000
Total comprehensive income		558,901	1,143,996

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021**

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2020	145	18,771,943	18,772,088
Total comprehensive income	-	582,326	582,326
Shares issued during the year	1	-	1
Shares cancelled during the year	-	-	-
Balance at 31 March 2021	<u>146</u>	<u>19,354,269</u>	<u>19,354,415</u>

**GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2020**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2019	129	17,601,089	17,601,218
Total comprehensive income	-	1,170,854	1,170,854
Share capital issued	21	-	21
Share capital cancelled	(5)	-	(5)
Balance at 31 March 2020	<u>145</u>	<u>18,771,943</u>	<u>18,772,088</u>

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2021**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2020	145	18,695,210	18,695,355
Total comprehensive income	-	558,901	558,901
Shares issued during the year	1	-	1
Shares cancelled during the year	-	-	-
Balance at 31 March 2021	<u>146</u>	<u>19,254,111</u>	<u>19,254,257</u>

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2020**

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2019	129	17,551,214	17,551,343
Total comprehensive income	-	1,143,996	1,143,996
Shares issued during the year	21	-	21
Shares cancelled during the year	(5)	-	(5)
Balance at 31 March 2020	<u>145</u>	<u>18,695,210</u>	<u>18,695,355</u>

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
Tangible fixed assets			
Housing properties	12	30,732,945	29,965,026
Other fixed assets	12	1,833,962	1,820,332
		<u>32,566,907</u>	<u>31,785,358</u>
Current assets			
Debtors	16	304,592	306,564
Cash at bank and in hand	17	2,041,199	1,822,338
		<u>2,345,791</u>	<u>2,128,902</u>
Creditors: amounts falling due within one year	18	<u>(1,859,610)</u>	<u>(2,098,500)</u>
Net current assets		<u>486,181</u>	<u>30,402</u>
Total assets less current liabilities		<u>33,053,088</u>	<u>31,815,760</u>
Creditors: amounts falling due after more than one year	19	<u>(13,138,673)</u>	<u>(12,969,672)</u>
Pension - defined benefit liability	22	<u>(560,000)</u>	<u>(74,000)</u>
Net assets		<u>19,354,415</u>	<u>18,772,088</u>
Capital and reserves			
Share capital	21a	146	145
Revenue reserve	21b	19,354,269	18,771,943
		<u>19,354,415</u>	<u>18,772,088</u>

The financial statements were authorised for issue by the Management Committee on 7 September 2021 and are signed on its behalf by:

Robert McLeary
Chairperson

Geraldine Baird
Secretary

MARY ELEN McKEOWN
COMMITTEE MEMBER

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Tangible fixed assets			
Housing properties	12	30,732,945	29,965,026
Other fixed assets	12	1,258,863	1,245,332
		<u>31,991,808</u>	<u>31,210,358</u>
Investments			
Investment in subsidiary	15	100	100
Current assets			
Debtors	16	660,898	649,481
Cash and cash equivalents	17	1,967,385	1,769,757
		<u>2,628,283</u>	<u>2,419,238</u>
Creditors: amounts falling due within one year	18	<u>(1,823,567)</u>	<u>(2,065,024)</u>
Net current assets		<u>804,716</u>	<u>354,214</u>
Total assets less current liabilities		<u>32,796,624</u>	<u>31,564,672</u>
Creditors: amounts falling due after more than one year	19	<u>(12,982,367)</u>	<u>(12,795,317)</u>
Pension – defined benefit liability	22	<u>(560,000)</u>	<u>(74,000)</u>
Total net assets		<u>19,254,257</u>	<u>18,695,355</u>
Capital and reserve			
Share capital	21a	146	145
Revenue reserve	21b	19,254,111	18,695,210
		<u>19,254,257</u>	<u>18,695,355</u>

The financial statements were authorised for issue by the Management Committee on 7 September 2021 and are signed on its behalf by:

Robert McLeary
Chairperson

Geraldine Baird
Secretary

MART ELEN MCKEOWN
COMMITTEE MEMBER

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Net cash flows generated from operating activities	26	1,610,424	1,477,259
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,572,420)	(1,700,065)
Interest received		534	4,711
Grants received		79,528	765,271
		(1,492,358)	(930,083)
Cash flows from financing activities			
Issue of share capital		1	21
Loan finance drawn down		1,000,133	614,165
Repayment of borrowings		(714,595)	(691,613)
Interest paid		(184,744)	(286,290)
Proceeds from disposals		-	24,901
		100,795	(338,816)
Net changes in cash and cash equivalents		218,861	208,360
Cash and cash equivalents at 1 April	17	1,822,338	1,613,978
Cash and cash equivalents at 31 March	17	2,041,199	1,822,338

(i) Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash	1,822,338	218,861	-	2,041,199
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	1,822,338	218,861	-	2,041,199
Borrowings				
Debt due within one year	(739,610)	714,595	(775,460)	(800,475)
Debt due after one year	(9,396,112)	(1,000,133)	775,460	(9,620,785)
	(10,135,722)	(285,538)	-	(10,421,260)
Total	(8,313,384)	(66,677)	-	(8,380,061)

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 £
Net cash flows generated from operating activities	26	1,556,683	1,408,478
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,572,321)	(1,700,065)
Interest received		9,266	13,139
Grants received		79,528	765,271
		(1,483,527)	(921,655)
Cash flows from financing activities			
Issue of share capital		1	21
Loan finance drawn down		1,000,133	614,165
Repayment of borrowings		(696,877)	(675,350)
Interest paid		(178,785)	(276,672)
Proceeds from disposals		-	24,901
		124,472	(312,935)
Net changes in cash and cash equivalents		197,628	173,888
Cash and cash equivalents at 1 April	17	1,769,757	1,595,869
Cash and cash equivalents at 31 March	17	1,967,385	1,769,757

(i) Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash	1,769,757	197,628	-	1,967,385
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	1,769,757	197,628	-	1,967,385
Borrowings				
Debt due within one year	(721,542)	696,877	(757,411)	(782,076)
Debt due after one year	(9,221,757)	(1,000,133)	757,411	(9,464,479)
	(9,943,299)	(303,256)	-	(10,246,555)
Total	(8,173,542)	(105,628)	-	(8,279,170)

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2020 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole pound.

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

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

2. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements 2020 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

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

A summary of the principal accounting policies is set out below.

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2021, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2021 and of the results for the year ended on that date.

Going Concern

The Association has recently updated its long-term financial projections which show a sufficient surplus generated for the life of the 30-year projection. The Group and Association have a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue for the foreseeable future. Thus the Management Committee continues to adopt the going concern basis of accounting in preparing the annual financial statements. Sensitivity analysis has been carried out on the Association's long-term financial projection to stress-test against various adverse economic situations and the results demonstrate long-term sustainability. We have considered the expected impact of COVID-19 to the Group and Association's operations when arriving at this conclusion.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Principal accounting policies (continued)

Turnover

Rutherglen and Cambuslang Housing Association Limited

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

Income from rental and service charges, factoring (on an agency basis) and commercial letting activities is recognised when the Association is entitled to it, it is probable it will be received and it can be measured reliably.

Aspire Community Development Company Limited

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred in respect of the transaction can be measured reliably.

Apportionment of management expenses

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

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

Interest receivable

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

Interest payable

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

Fixed assets - Housing properties

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

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

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Principal accounting policies (continued)

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

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

Depreciation

1. Housing properties

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

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

2. Other fixed assets

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

The following rates have been used:-

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

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

3. Investment property

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Principal accounting policies (continued)

Debtors

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

Rental arrears

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

Cash and cash equivalents

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

Current asset investments

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

Creditors

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

Public benefit concessionary loans

In line with FRS 102, the Association has made an accounting policy choice to recognise loans from public benefit entities that are being used to further the Association's core activities as public benefit concessionary loans meaning the loans are recognised at their principal value on initial recognition.

Financial instruments

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Principal accounting policies (continued)

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

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

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

Government capital grants

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

Government revenue grants

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

Non-government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the Group is entitled to them, it is probable they will be received and then can be measured reliably.

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

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

Pensions

The Scottish Housing Association Defined Benefits Pension Scheme

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Principal accounting policies (continued)

The SHAPS is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The Scottish Housing Association Defined Contribution Scheme

This is a defined contribution scheme. Employer contributions are charged to the Statement of Comprehensive Income on an accruals basis.

Loans

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

Operating leases

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

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

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

The members of the Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP; and
- The amount disclosed as 'operating surplus' is representation of activities that would normally be regarded as 'operating'.

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property and other fixed assets	The useful lives of housing properties and other fixed assets are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
The valuation of the investment property	The investment property has been valued by an appropriate employee surveyor using market data.
Split of office premises and investment property	Part of the Aspire Business Centre, which is owned by the Association, is used by the Association for its offices with part rented out to third parties at commercial rates. Under FRS 102, the part of the building used by the Association for offices must be accounted for as a tangible fixed asset and depreciated whilst the part of the building rented out must be accounted for as an investment property and held at market value. The Management Committee have based this split on the square footage of the building with 40.4% used by the Association and 59.6% rented to third parties and thus treated as an investment property.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. Particulars of turnover, operating expenditure and operating surplus/(deficit)

Group	Turnover £	Operating Expenditure £	2021 Operating Surplus £	Turnover £	Operating Expenditure £	2020 Operating Surplus £
Social lettings (Note 5a)	3,962,425	2,657,010	1,305,415	3,811,244	3,064,279	746,965
Other activities (Note 5b)	123,975	73,220	50,755	82,210	122,711	(40,501)
Aspire Community Development Company Limited	88,250	50,134	38,116	99,538	54,634	44,904
Less: intergroup service level agreement	(500)	(500)	-	(500)	(500)	-
	<u>4,174,150</u>	<u>2,779,864</u>	<u>1,394,286</u>	<u>3,992,492</u>	<u>3,241,124</u>	<u>751,368</u>

Association

	Turnover £	Operating expenditure £	2021 Operating surplus £	Turnover £	Operating expenditure £	2020 Operating surplus £
Social lettings (Note 5a)	3,962,425	2,657,010	1,305,415	3,811,244	3,064,279	746,965
Other activities (Note 5b)	123,975	73,220	50,755	82,210	122,711	(40,501)
	<u>4,086,400</u>	<u>2,730,230</u>	<u>1,356,170</u>	<u>3,893,454</u>	<u>3,186,990</u>	<u>706,464</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2021 Total £	2020 Total £
Revenue from lettings					
Rent receivable net of service charges	3,830,379	53,676	17,629	3,901,684	3,729,642
Service charges	-	-	-	-	-
Gross income from rent and service charges	3,830,379	53,676	17,629	3,901,684	3,729,642
Less: Rent losses from voids	(50,046)	-	-	(50,046)	(23,156)
Net rent receivable	3,780,333	53,676	17,629	3,851,638	3,706,486
Release of deferred government capital grants	109,531	-	1,256	110,787	76,008
Other revenue grants – stage 3 adaptations	-	-	-	-	28,750
Total turnover from social letting activities	3,889,864	53,676	18,885	3,962,425	3,811,244
Expenditure on social letting activities					
Management and maintenance administration costs	1,125,971	15,774	5,181	1,146,926	1,266,900
Service costs	64,041	-	-	64,041	69,029
Planned cyclical maintenance including major repairs	212,709	9,740	-	222,449	316,450
Reactive maintenance costs	304,735	21,064	-	325,799	449,485
Ground maintenance	45,447	-	-	45,447	51,798
Bad debts – rents and service charges	8,406	-	-	8,406	5,423
Property insurance	55,434	-	-	55,434	107,341
Depreciation of social housing *	760,487	24,309	3,712	788,508	797,853
Operating expenditure on social letting activities	2,577,230	70,887	8,893	2,657,010	3,064,279
Operating surplus on letting activities, 2021	1,312,634	(17,211)	9,992	1,305,415	
Operating surplus on letting activities, 2020	759,028	(20,482)	8,419		746,965

*The depreciation charges for housing stock in the year were £757,236 (2020: £711,169). The net book value of disposed components was £31,272 (2020: £86,684) in accordance with the SORP. Included within planned cyclical maintenance are costs of £23,145 (2020: £27,947) relating to major repairs.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

Group and Association	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover 2021	Operating expenditure 2021	Surplus/(deficit) 2021	Total Turnover 2020	Operating expenditure 2020	Surplus/(deficit) 2020
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	866	(866)	-	-	-
Commercial rent	-	-	-	30,331	30,331	32,914	(2,583)	25,419	68,513	(43,094)
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	63,661	63,661	39,440	24,221	54,335	54,198	137
Housing property sales	-	-	-	-	-	-	-	-	-	-
Supporting people	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Management Charge to Subsidiary	-	-	-	-	-	-	-	-	-	-
Other Income	27,257	-	-	500	500	-	500	500	-	500
		-	-	2,226	29,483	-	29,483	1,956	-	1,956
Total from other activities-2021										
	-	-	-	96,718	123,975	73,220	50,755			
Total from other activities-2020	-	-	-	82,210				82,210	122,711	(40,501)

Undertaken to support the community, other than the provision, construction, improvement and management of housing.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. Directors' emoluments – Group and Association

The directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. No emoluments were paid to any member of the Management Committee during the year.

	2021 £	2020 £
Emoluments (excluding pension contributions) – Former Director	45,044	71,482
Emoluments (excluding pension contributions) – Current Director	26,245	-
	<u>71,289</u>	<u>71,482</u>
	2021 £	2020 £
Total Management Committee, Director and staff expenses reimbursed in so far as not chargeable to income tax	4,546	5,622
	<u>4,546</u>	<u>5,622</u>

The Director is a member of the Association's pension scheme described in note 22. The employer's pension contribution in the year on behalf of former director to 31 March 2021 was £6,793 (2020: £9,007) and £3,493 (2020: £nil) for the current director.

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

The Association considers key management personnel to be the Management Committee, the Director and the Management Team of the Association (as detailed on the first page of the accounts). Their emoluments (excluding pension contributions) for the year were £220,897 (2020: £217,084). Their employer National Insurance contributions for the year were £20,861 (2020: £23,803) and the employer pension contributions for the year were £32,278 (2020: £27,353).

The number of key Management whose emoluments exceed £60,000 in the year are as follows:

	2021 No	2020 No
£70,001 - £80,000	-	1
	<u>-</u>	<u>1</u>

7. Employee information – Group and Association

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

	2021 No	2020 No
Financial and administration	9	8
Maintenance	6	6
Housing management	4	4
	<u>19</u>	<u>18</u>
Average headcount	19	18
	<u>19</u>	<u>18</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7. Employee information (continued)	2021	2020
	£	£
Staff costs (including Director's Emoluments):		
Wages and salaries	687,526	680,692
Social security costs	67,048	66,760
Pension costs	90,315	78,583
	844,889	826,035

During the year past service deficit contributions of £180,134 (2020: £173,483) were paid. Of this payment, £174,330 (2020: £168,422) was a payment in respect of the SHAPS past service deficit liability. The remainder of £5,804 (2020: £5,059) was pension management costs which have been included in the pension contributions total included in staff costs above.

8. Operating surplus	2021	2020
	£	£
Group		
Operating surplus is stated after charging:		
Depreciation – charged in respect of tangible fixed assets	785,849	739,650
Depreciation – loss on disposal of components	31,272	86,684
Auditor's remuneration (excluding VAT)		
- In their capacity as the auditor	12,480	11,800
- In respect of other services	1,150	1,150

Association	2021	2020
	£	£
Operating surplus is stated after charging:		
Depreciation – charged in respect of tangible fixed assets	785,849	739,037
Depreciation – loss on disposal of components	31,272	86,684
Auditor's remuneration (excluding VAT)		
- In their capacity as the auditor	10,400	9,550
- In respect of other services	260	650

9. Interest receivable and other income	2021	2020
	£	£
Group		
Interest receivable on deposits	534	4,711
Association	2021	2020
	£	£
Interest receivable on deposits	534	4,711
Loan to subsidiary	8,732	8,428
	9,266	13,139

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
10. Interest payable and similar charges		
Group		
Loan interest	184,744	286,290
Defined benefit pension liability – interest charge (Note 22)	-	19,000
	<u>184,744</u>	<u>305,290</u>
Association		
	2021 £	2020 £
Loan interest	178,785	276,672
Defined benefit pension liability – interest charge (Note 22)	-	19,000
	<u>178,785</u>	<u>295,672</u>

11. Taxation

Group

The Association is not subject to corporation tax on its charitable activities. However the surpluses from non-charitable activities are subject to taxation. No corporation tax was due on non-charitable activities (2020: £nil). No corporation tax arose in Aspire Community Development Limited (2020: £nil).

Association

As a charity, Rutherglen and Cambuslang Housing Association Limited's charitable activities are not subject to taxation. However the surpluses from non-charitable activities are subject to taxation. No corporation tax was due on non-charitable activities (2020: £nil).

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Tangible fixed assets

Group	Housing properties held for letting £	Housing properties under construction £	Shared ownership properties £	Office premises £	Investment properties £	Furniture fittings & equipment £	Total £
Cost of valuation							
As at 1 April 2020	31,971,831	1,180,737	206,226	525,000	1,350,000	360,123	35,593,917
Additions	464,950	1,091,477	-	-	-	15,993	1,572,420
Disposals	(46,126)	-	-	-	-	-	(46,126)
Transfer	2,272,214	(2,272,214)	-	-	-	-	-
Revaluation	-	-	-	-	26,250	-	26,250
At 31 March 2021	34,662,869	-	206,226	525,000	1,376,250	376,045	37,146,461
Depreciation							
As at 1 April 2020	3,316,160	-	77,608	73,500	-	341,291	3,808,559
Charge for year	753,524	-	3,712	10,500	-	18,113	785,849
On disposals	(14,854)	-	-	-	-	-	(14,854)
At 31 March 2021	4,054,830	-	81,320	84,000	-	359,404	4,579,554
Net Book Value							
At 31 March 2021	30,608,039	-	124,906	441,000	1,376,250	16,712	32,556,907
At 31 March 2020	28,655,671	1,180,737	128,618	451,500	1,350,000	18,832	31,785,358

£464,950 (2020: £698,967) of component replacements were capitalised in the year. All housing properties are freehold. Components with a Net Book Value of £31,272 have been disposed in the year.

The fair value as at 31 March 2021 of the investment property and office premises held was £1,300,000 (2020: £1,300,000) plus £26,500 for lockups and garages recognised in the year, previously held at nil value. This is based on a valuation performed by D M Hall in March 2018. 59.6% of the Aspire business centre is rented out to 3rd parties and is accounted for as an investment property. The remaining 40.4% is used by the Association and is accounted for as office premises at historic (deemed) cost.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. Tangible fixed assets (continued)

Association	Housing properties held for letting £	Housing properties under construction £	Shared ownership properties £	Office premises £	Investment properties £	Furniture fittings & equipment £	Total £
Cost of valuation							
As at 1 April 2020	31,971,831	1,180,737	206,226	525,000	775,000	318,327	34,977,121
Additions	464,950	1,091,477	-	-	-	15,894	1,572,321
Disposals	(46,126)	-	-	-	-	-	(46,126)
Transfer	2,272,214	(2,272,214)	-	-	-	-	-
Revaluation	-	-	-	-	26,250	-	26,250
At 31 March 2021	34,662,869	-	206,226	525,000	801,250	334,221	36,529,566
Depreciation							
As at 1 April 2020	3,316,160	-	77,608	73,500	-	299,495	3,766,763
Charge for year	753,524	-	3,712	10,500	-	18,113	785,849
On disposals	(14,854)	-	-	-	-	-	(14,854)
At 31 March 2021	4,054,830	-	81,320	84,000	801,250	317,608	4,537,758
Net Book Value							
At 31 March 2021	30,608,039	-	124,906	441,000	801,250	16,613	31,991,808
At 31 March 2020	28,655,671	1,180,737	128,618	451,500	775,000	18,832	31,210,358

£464,950 (2020: £698,967) of component replacements were capitalised in the year. All housing properties are freehold. Properties with a cost of £nil (2020: £25,778) and accumulated depreciation of £nil (2020: £9,239) have been disposed in the year for net proceeds of £nil (2020: £24,901). Grants due to be repaid on these properties is £nil (2020: £9,420) with £nil (2020: £6,123) released from deferred Government capital grants on disposal. Components with a cost of £46,126 (2020: £108,177) and accumulated depreciation of £14,854 (2020: £21,493) have been disposed in the year.

The fair value as at 31 March 2021 of the investment property and office premises held was £1,300,000 (2020: £1,300,000) plus £26,500 for lockups and garages recognised in the year, previously held at nil value. This is based on a valuation performed by D M Hall in March 2018. 59.6% of the Aspire business centre is rented out to 3rd parties and is accounted for as an investment property. The remaining 40.4% is used by the Association and is accounted for as office premises at historic (deemed) cost.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. Housing stock – Group and Association

The number of units of housing accommodation available for let at 31 March 2021 was:

	Units in management 2021	Units in management 2020
General needs housing	873	855
Supported housing accommodation	4	4
	<u>877</u>	<u>859</u>
Shared ownership accommodation	8	8
	<u>885</u>	<u>867</u>

There are no units managed by other bodies.

14. Commercial units – Group and Association

The number of commercial units available for let at 31 March 2021 was:

	Group Units in management 2021 No.	Group Units in management 2020 No.	Association Units in management 2021 No.	Association Units in management 2020 No.
Lock ups	35	35	35	35
Caledonian Centre	1	1	-	-
Aspire business centre	1	1	1	1
Shops	3	3	3	3
	<u>40</u>	<u>40</u>	<u>39</u>	<u>39</u>

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

	2021 £	2020 £
15. Investment in subsidiary company		
Shares in subsidiary company	<u>100</u>	<u>100</u>

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

The 2021 subsidiary company accounts show a profit for the year of £23,425 (2020: £26,858) and net assets of £100,258 (2020: £76,833).

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
16. Debtors		
Group		
Rental arrears	95,013	117,903
Less: Provision for bad and doubtful debts	(48,169)	(52,278)
	<u>46,844</u>	<u>65,625</u>
Trade debtors	-	36
Factoring arrears	38,682	37,314
Other debtors	81,147	39,221
Prepayments and accrued income	137,919	164,368
	<u>304,592</u>	<u>306,564</u>
Association	2021 £	2020 £
Rental arrears	95,013	117,903
Less: Provision for bad and doubtful debts	(48,169)	(52,278)
	<u>46,844</u>	<u>65,625</u>
Amounts due from subsidiary	358,006	345,574
Factoring arrears	38,682	37,314
Other debtors	81,147	39,221
Prepayments and accrued income	136,219	161,747
	<u>660,898</u>	<u>649,481</u>
17. Cash and cash equivalents	2021 £	2020 £
Group		
Balances held in current accounts	1,327,976	1,109,547
Balances held in deposit accounts	713,223	712,791
	<u>2,041,199</u>	<u>1,822,338</u>
Association	2021 £	2020 £
Balances held in current accounts	1,254,162	1,056,966
Balances held in deposit accounts	713,223	712,791
	<u>1,967,385</u>	<u>1,769,757</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18. Creditors: amounts falling due within one year	2021 £	2020 £
Group		
Bank and other loans	767,275	706,410
Scottish Government loan	33,200	33,200
Accruals	95,499	133,073
Other taxation and social security	17,645	21,077
Trade and Other creditors	557,354	840,516
Deferred Government capital grant (note 20)	112,112	87,699
Housing Association grant repayable	276,525	276,525
	<u>1,859,610</u>	<u>2,098,500</u>
Association	2021 £	2020 £
Bank and other loans	748,876	688,342
Scottish Government loan	33,200	33,200
Accruals	89,354	128,482
Other taxation and social security	15,756	18,956
Trade and Other creditors	547,744	831,820
Deferred Government capital grant (note 20)	112,112	87,699
Housing Association grant repayable	276,525	276,525
	<u>1,823,567</u>	<u>2,065,024</u>

Included in other creditors is £26,945 (2020: £25,841) in respect of outstanding pension contributions.

19. Creditors: amounts falling due after more than one year	2021 £	2020 £
Group		
Bank and other loans	9,521,185	9,263,312
Scottish Government loan	99,600	132,800
Deferred Government capital grant (note 20)	3,517,888	3,573,560
	<u>13,138,673</u>	<u>12,969,672</u>
Association	2021 £	2020 £
Bank and other loans	9,364,879	9,088,957
Scottish Government loan	99,600	132,800
Deferred Government capital grant (note 20)	3,517,888	3,573,560
	<u>12,982,367</u>	<u>12,795,317</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

19. Creditors: amounts falling due after more than one year (continued) Group

	2021 £	2020 £
Bank and other loans and Scottish Government loan analysis:		
Due between one and two years	781,837	682,426
Due between two and five years	2,242,125	2,098,304
Due in more than five years	6,596,823	6,615,382
	<u>9,620,785</u>	<u>9,396,112</u>

	2021 £	2020 £
Association		
Bank and other loans and Scottish Government loan analysis:		
Due between one and two years	761,643	659,880
Due between two and five years	2,179,397	2,017,008
Due in more than five years	6,523,439	6,544,869
	<u>9,464,479</u>	<u>9,221,757</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates between Libor (or alternative reference rate) + 0.5% and a fixed rate of 4.7% over the next 30 years.

The Scottish Government Loan is a public benefit concessionary loan and is repayable with no interest charged over the next 4 years.

The net book value of housing properties secured at the year-end was £17,672,752 (2020: £18,037,197)

20. Deferred Government capital grants – Group and Association

	2021 £	2020 £
<u>Housing grants</u>		
At 1 April	3,661,259	2,978,119
Grants received in year	79,528	765,271
Disposals	-	(6,123)
Released to income in year	(110,787)	(76,008)
At 31 March	<u>3,630,000</u>	<u>3,661,259</u>
Split:		
Due within one year	112,112	87,699
Due between one and two years	112,112	88,762
Due between two and five years	336,337	266,286
Due in more than five years	3,069,439	3,218,512
At 31 March	<u>3,630,000</u>	<u>3,661,259</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
21a. Share capital – Group and Association		
At beginning of year	145	129
Shares issued during the year	1	21
Shares forfeited in year	-	(5)
	<hr/>	<hr/>
At end of year	146	145
	<hr/>	<hr/>

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

21b. Revenue reserves

Revenue reserves represents the cumulative surpluses and deficits.

22. Pension obligations

Rutherglen and Cambuslang Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme which provides benefits to over 150 non-associated employers. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with the 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 Scheme offers six benefit structures to employers, namely:

Final salary with a 1/60th accrual rate; Career average revalued earnings with a 1/60th accrual rate; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

As at the balance sheet date there were 12 (2020: 12) active members of the Defined Benefit Scheme. The Association no longer offers membership of the defined benefit option, having ceased this option during the 2020/21 financial year and instead has elected to offer defined contribution with 10% or 15% employer contributions.

The Trustees commission an actuarial valuation of the Scheme Every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last triennial valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £877 million. The valuation revealed a shortfall of assets compared to liabilities of £121 million, equivalent to a past service funding level of 89%. If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22. Pension obligations (continued)

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2018 are detailed below:

• Investment return pre retirement	3.12% per annum
• Investment return post retirement Non-pensioners	3.12% per annum
• Investment return post retirement Pensioners	3.12% per annum
• Rate of salary increases	3.35% per annum
• Rate of pension increases - pension accrued pre 6 April 2005	2.00% per annum
	pension accrued from 6 April 2005
	(for leavers before 1 October 1993 pension increases are 5%)
• Rate of price inflation	3.35% per annum

The SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fair value of plan assets	4,950	5,152
Present value of defined benefit obligation	(5,510)	(5,226)
Defined benefit liability to be recognised	(560)	(74)

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Defined benefit obligation at start of period	(5,226)	(6,602)
Current service cost	(17)	(123)
Expenses	(6)	(5)
Interest expense	(122)	(141)
Actuarial gains/(losses) due to scheme experience	678	(123)
Actuarial gains due to changes in demographic assumptions	-	32
Actuarial (losses)/gains due to changes in financial assumptions	(1,032)	662
Benefits paid and expenses	225	1,138
Contributions by plan participants	(10)	(64)
Defined benefit liability at the end of the period	(5,510)	(5,226)

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

22. Pension obligations (continued)

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fair value of plan assets at start of the period	5,152	5,723
Interest income	122	122
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(300)	144
Contributions by the employer	191	237
Contributions by plan participants	10	64
Benefits paid and expenses	(225)	(1,138)
Fair value of plan assets at end of period	4,950	5,152

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current service cost	17	123
Admin expenses	6	5
Net interest expense	-	19
Defined benefit costs recognised in Statement of Comprehensive Income	23	147

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost – (loss)/gain	(300)	144
Experience gains and losses arising on the plan liabilities – gain	678	(123)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	32
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(1,032)	662
Total amount recognised in other comprehensive income – (loss)	(654)	715

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22. Pension obligation (continued)

Fund allocation for employer's calculated share of asset

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Liability Driven Investment	1,190	1,357
Global Equity	766	709
Absolute Return	244	316
Corporate Bond Fund	373	377
Alternative Risk Premia	199	413
Infrastructure	276	304
Secured Income	272	286
Emerging Markets Debt	199	183
Risk Sharing	177	163
Insurance-Linked Securities	103	138
Over 15 Year Gilts	2	65
Property	89	96
Credit Relative Value	143	124
Distressed Opportunities	169	94
Private Debt	117	102
Opportunistic Illiquid Credit	127	125
Liquid Credit	85	135
Long Lease Property	115	126
High Yield/Opportunistic Credit	265	-
Net Current Assets	37	39
Cash	2	-
Total Assets	4,950	5,152

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	31 March 2021 % per annum
Discount rate	2.19%
Inflation (RPI)	3.26%
Inflation (CPI)	2.87%
Salary growth	3.87%
Allowance for commutation of pension for cash at retirement	75% of Maximum Allowance

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22. Pension Obligation (continued)

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	3	148	57
Females	6	209	49
Total	9	357	51

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	1	1	45
Females	2	8	47
Total	3	9	46

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	1	38	65
Females	8	58	64
Total	9	96	64

The above membership data is as at 30 September 2020.

Active members include current DC actives who have DB benefits (where applicable).

22. Pension Obligation (continued)

Employer debt on withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

The Association has been notified by TPT of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2020. As of this date the estimated employer debt for the Association was £3,608,969.

Defined contribution scheme

The Association participates in the SHAPS Defined Contribution scheme following the auto-enrolment date of May 2017. Employer contributions to this scheme are 10% or 15%. At 31 March 2021 there were 17 members in the Defined Contribution scheme at the year-end (2020: 5).

The Defined Benefit Scheme was closed during the 2020/21 financial year. Payments will continue to be paid in respect of the past-service deficit per the Association's contractual obligation.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
23. Capital commitments – Group and Association		
Contracted but not provided	-	1,143,921
The above commitments will be financed by:		
	2021 £	2020 £
Private finance	-	1,064,398
Government grants	-	79,523
	-	1,143,921
	2021 £	2020 £
Committed but not contracted for	-	-

24. Operating lease commitments – Group and Association

The Association's annual commitments for rental payments under non-cancellable operating leases at 31 March 2021 were set out below:

	2021 Office Equipment £	2020 Office Equipment £
Total commitment due within:		
Within one year	14,741	17,048
Between one and two years	10,599	13,432
Between two to five years	13,413	23,320
Over five years	493	-
	39,246	53,800

25. Legislative provisions

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

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
26. Net cash flow from operating activities		
Group		
Surplus for the year	1,236,326	455,854
<i>Adjustments for non-cash items:</i>		
Depreciation of housing properties including loss on disposal components	788,508	797,853
Depreciation of property, plant and equipment	28,613	28,181
Revaluation of investment property	(26,250)	-
Carrying value of disposed assets	-	16,539
HAG repayable on disposal of property	-	9,420
Decrease in debtors	1,972	67,451
(Decrease)/increase in creditors	(324,168)	17,419
SHAPS current service cost and expense	6,330	64,483
<i>Adjustments for investing and financing activities:</i>		
Proceeds from the sale of property, plant and equipment	-	(24,901)
Interest payable	184,744	305,290
Interest received	(534)	(4,711)
Release of deferred capital government grant - revenue	(110,787)	(76,008)
SHAPS deficit contribution paid	(174,330)	(173,483)
Forfeited share capital	-	(5)
Release of deferred capital government grant – disposal of properties	-	(6,123)
	1,610,424	1,477,259
Association		
Surplus for the year	1,212,901	428,996
<i>Adjustments for non-cash items:</i>		
Depreciation of housing properties including loss on disposal of components	788,508	797,853
Depreciation of property, plant and equipment	28,613	27,868
Carrying value of disposed assets	-	16,539
HAG repayable on disposal of property	-	9,420
(Increase)/decrease in debtors	(11,417)	44,375
(Decrease)/increase in creditors	(326,404)	16,931
SHAPS current service cost and expense	6,330	64,483
Revaluation of investment property	(26,250)	-
<i>Adjustments for investing and financing activities:</i>		
Proceeds from the sale of property, plant and equipment	-	(24,901)
Interest payable	178,785	295,672
Interest received	(9,266)	(13,139)
Release of deferred capital government grant - revenue	(110,787)	(76,008)
SHAPS deficit contribution paid	(174,330)	(173,483)
Forfeited share capital	-	(5)
Release of deferred capital government grant – disposal of properties	-	(6,123)
	1,556,683	1,408,478

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

27. Related party transactions

Aspire Community Development Company Limited

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

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £nil (2020: £5,000).

During the year, management charges of £500 (2020: £500) were recharged by the Association to Aspire for services rendered by the Director of the Association in respect of Aspire.

Insurance costs were incurred by the Association in the year in respect of Aspire £3,200 (2020: £3,100) and were recharged in the year.

During the year £nil (2020: £nil) was transferred to the Association by Aspire to pay the intercompany debt.

Interest of £8,732 was charged in respect of the balances outstanding (2020: £8,428).

At the year-end £358,006 was owed by Aspire to the Association and is included within debtors (2020: £345,574).

Management Committee

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £3,839 (2020: £3,723). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £nil (2020: £nil). The total rent paid in advance of the year-end was £398 (2020: £457).

Two Management Committee members own properties which are factored by the Association. Factoring charges for Committee members were £629 (2020: £815). There were arrears of £nil (2020: £nil) at the year end. There were payments in advance at the year-end of £47 (2020: £62).