



**RUTHERGLEN AND CAMBUSLANG
HOUSING ASSOCIATION LIMITED**

**GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022

Chairperson of the Management Committee

Edward Harkins

Secretary

Robert McLeary

Management Committee Members

Gary Gow

Karen McCartney

Mary Ellen McKeown

Eveline Thompson

Frances Cunningham

Jean Stewart

Natalie Kirk (co-opted 21 December 2021)

Karen Kirk (co-opted 19 April 2022)

Nora Dillon (resigned 21 December 2021)

Jean Gow (resigned 17 January 2022)

Christine McPhail (resigned 19 April 2022)

Geraldine Baird (resigned 24 May 2022)

Director

Elaine Lister

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
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 2022

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 2022.

Objectives and Strategy

The group consists of Rutherglen & Cambuslang Housing Association and its subsidiary, Aspire Community Development Company Limited.

The Association is registered with;

- The Financial Conduct Authority (FCA) as a non-profit making organisation under the Co-operative and Community Benefits Societies Act 2014;
- The Office of the Scottish Charities Regulator (OSCR) as a charity; and
- The Scottish Housing Regulator (SHR) as a Registered Social Landlord (RSL).

Its activities are governed by its Rules which were reviewed to reflect the new SFHA Model and approved by the membership at a Special General Meeting held in September 2021.

Principle Activities

The Association's principal activity is the provision, management and maintenance of good quality, affordable rented housing. However, it also seeks to be 'more than a landlord' and, over the past year, has developed a focus on making positive and meaningful engagement with its services users and the communities it serves. This is reflected in the Association's vision "To continue to provide good quality housing, promote innovation and encourage community involvement"

Aspire Community Development Company Limited's principal activity is the letting of a commercial property.

Strategic Objectives

Rutherglen and Cambuslang Housing Association's strategic aims are set out in its Business Plan 2019 – 2022 and are currently:

- 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.

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 by bringing a wide variety of skills, experience and knowledge that add to the organisation's strength and success.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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.

Assurance

Following a review of the self-assessment exercise by the Management Committee the Association submitted its second Annual Assurance Plan that showed that it was compliant with the Regulatory Standards.

The Association continues to implement a programme of internal audits to provide the Management Committee with the assurance that its operational policy and processes are effective.

Notifiable Events

The Association made 2 Notifiable Events Submissions in the year – one relating to the length of tenure of the Chair exceeding 5 years by just over 12 months, the other in relation to a clause missed from the final Rules presented to, and approved by, the membership at the Special General Meeting in September 2021. After taking legal advice both events were immediately and effectively managed and closed. The Regulator was advised of the steps taken by the Association and no further action was required.

Risks & Uncertainties

The Association recognises that it operates in a sector that is heavily influenced and impacted by the wider social, economic and political environment. Given the current level of uncertainty it is therefore not immune from the current 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.

Meeting these and other challenges inherently entails risks for the Association and its ability to achieve its strategic vision and aims. Good, robust management of these risks is therefore an essential element of good governance and is an integral part of the Association's strategic and operational planning processes.

Risk Management

The Association has implemented a formal, robust and proactive risk management process which is being further developed to reflect the Association's Business plan and support the achievement of its business objectives.

A key part of this process is the 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 process, the register is regularly reviewed and updated to ensure the Association is fully aware of the risks it faces and is effectively managing them.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

Impact of Covid-19

Throughout 2021 and into 2022 the Association and its service users continued to feel the impact of the COVID-19 pandemic. However, throughout the pandemic, the Association continued to deliver a high standard of service and a survey carried out in 2021 showed that 91% of tenants were satisfied with the level of service provided and 84% felt the Association had kept them informed of any changes to the services as a result of new restrictions.

Although the office remained closed to the public, at the start of 2022, staff started a phased return to office working and increased the level of direct and personal service provision to tenants, factored owners and applicants for housing. The Management Committee also resumed face-to-face meetings, although remote participation remained an option, and in September 2021 the Association's 42nd AGM was held in person in the Association's offices.

Unfortunately, the impact of the pandemic remains an unknown risk to the Association's ability to meet all of its goals and targets, especially those relating to the planned maintenance of the stock. Rising costs, shortage of materials and labour and more contractors closing their businesses, means that the Association is finding it increasingly challenging to provide the quality and the value for money, as well as the level of customer satisfaction, it strives for.

Performance & Achievements

Despite the obvious challenges presented by staff working from home, tenants self-isolating and the limitations on the repairs that could be carried out, the Association continues to be a well performing organisation. At the end of March 2022:

- 50 homes had been let to households in housing need;
- 100% of complaints had been resolved within the target timescales;
- The time taken to re-let properties had been reduced to 21.74 days;
- Only 0.28% of rent was lost through properties being void;
- The level of rent arrears sat at 2.67%;
- Only 3 out of 873 within the scope of EESSH were not fully compliant;
- 100% of anti-social behaviour cases had successfully been resolved;
- All reactive repairs outstanding due to COVID restrictions were completed;
- Deliver a number of planned maintenance contracts;
- All staff returned to full office working;
- The Caledonian Centre was re-opened for community events; and
- A number of projects to support the Association's tenants and communities were initiated.

The Association also successfully completed a full review of the staff structure and job descriptions to ensure that it was best prepared to;

- Meet any future challenges;
- Achieve its strategic objectives;
- Provide a modern, effective and efficient service; and
- Build on its reputation as a dynamic, vibrant and innovative organisation.

Aspire Community Development Company Limited

Turnover increased from £88,250 to £94,784 in 2022. The profit after providing for taxation amounted to £132,831 (2021 - £23,425), largely due to a fair value gain in respect of the Caledonian Centre of £100,000.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

Future Priorities

Business Plan

The current Business Plan is due for a comprehensive review and at the start of 2022 the management team and members of the Management Committee started the process by reviewing the Association's Vision, Mission and values and setting new strategic objectives. The aim is to have a new, updated and challenging 5 year Business Plan in place for the start of the next financial year.

Provision of New Housing

The Association is committed to providing more high quality, affordable housing to meet the increasing demand. A potential project to build 45 new flats and houses is currently being looked at, with a number of other sites being proactively considered for future development. The Association remains open to exploring any other opportunities for further development and/or acquisition.

Internal Audit Services

The Association's 3-year contract with Alexander Sloan to provide Internal Audit services ended in 2021 but was extended for a further year due to the pandemic. However, tendering for a new internal auditor is due to be carried out by the end of the financial year.

External Auditors

For a number of years the Association has appointed Azets Audit Services to carry out its external audits. In line with good practice, this service will be put out to tender this year for consideration by the membership at the 2023 AGM.

Satisfaction Survey

A full tenants satisfaction survey is being carried out by Research Resource on the Association's behalf this year. The data collated will be used to inform future business priorities, service improvement plans and service development.

A survey of the Association's factored owners is also being carried out to support and influence a full review of the factoring service over the next year.

Staff Succession

Staff is recognised as being one of the Association's greatest assets but accepts that an individual's professional and personal plans, circumstances and priorities may mean that they move on from the organisation. Ensuring service continuity requires, as far as possible, planning for staff leaving or retiring.

Committee Recruitment

The Association is always keen to attract new members onto the Management Committee and will continue to see this as a priority to ensure good governance now and in the future.

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022. 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

The Management Committee is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of the income and expenditure of the Association and the Group for that period. In preparing these financial statements, the Management Committee is required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and the Group 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 Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect 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 2022

Statement of the Management Committee's Responsibilities (continued)

The Management Committee is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 6 September 2022 by:



Edward Harkins
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 2022

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

Date: 6 SEPTEMBER 2022

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited (the "Parent Association") and its subsidiary (the "Group") for the year ended 31 March 2022 which comprise the Group and the Association Statements of Comprehensive Income, the Group and the Association Statements of Changes in Capital and Reserves, the Group and the Association Statements of Financial Position, the Group and the 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 2022 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 the 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 pages 6 and 7, 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 2022

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 and taxation, 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 the 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 2022

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: 6 SEPTEMBER 2022

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 2022

	Note	2022 £	2021 £
Turnover	4	4,339,174	4,174,150
Operating expenditure	4	(3,588,114)	(2,779,864)
Operating surplus	4, 8	751,060	1,394,286
Interest receivable and other income	9	1,532	534
Interest payable and similar charges	10	(201,618)	(184,744)
Gain on revaluation of investment property	12	303,750	26,250
Surplus for the year before taxation		854,724	1,236,326
Taxation	11	-	-
Surplus for the year after taxation		854,724	1,236,326
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	22	360,440	(654,000)
Total comprehensive income for the year		1,215,164	582,326

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 2022**

	Notes	2022 £	2021 £
Turnover	4	4,235,892	4,086,400
Operating expenditure	4	(3,532,749)	(2,730,230)
Operating surplus	4, 8	703,143	1,356,170
Gain on disposal of property, plant and equipment		-	-
Interest receivable and other income	9	10,575	9,266
Interest payable and similar charges	10	(196,302)	(178,785)
Gain on revaluation of investment property	12	203,750	26,250
Surplus for the year before tax		721,166	1,212,901
Tax	11	-	-
Surplus for the year after tax		721,166	1,212,901
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	22	360,440	(654,000)
Total comprehensive income		1,081,606	558,901

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

GROUP STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2021	146	19,354,269	19,354,415
Total comprehensive income	-	1,215,164	1,215,164
Shares issued during the year	2	-	2
Shares cancelled during the year	-	-	-
Balance at 31 March 2022	148	20,569,433	20,569,581

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
Share capital issued	1	-	1
Share capital cancelled	-	-	-
Balance at 31 March 2021	146	19,354,269	19,354,415

ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital £	Revenue Reserve £	Total Reserves £
Balance at 1 April 2021	146	19,254,111	19,254,257
Total comprehensive income	-	1,081,606	1,081,606
Shares issued during the year	2	-	2
Shares cancelled during the year	-	-	-
Balance at 31 March 2022	148	20,335,717	20,335,865

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	146	19,254,111	19,254,257

The notes form part of these financial statements.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
Tangible fixed assets			
Housing properties	12	30,560,285	30,732,945
Other fixed assets	12	2,116,884	1,833,962
		<u>32,677,169</u>	<u>32,566,907</u>
Current assets			
Debtors	16	233,786	304,592
Stock		1,381	-
Cash at bank and in hand	17	1,958,747	2,041,199
		<u>2,193,914</u>	<u>2,345,791</u>
Creditors: amounts falling due within one year	18	<u>(1,905,272)</u>	<u>(1,859,610)</u>
Net current assets		<u>288,642</u>	<u>486,181</u>
Total assets less current liabilities		<u>32,965,811</u>	<u>33,053,088</u>
Creditors: amounts falling due after more than one year	19	<u>(12,365,230)</u>	<u>(13,138,673)</u>
Pension - defined benefit liability	22	<u>(31,000)</u>	<u>(560,000)</u>
Net assets		<u>20,569,581</u>	<u>19,354,415</u>
Capital and reserves			
Share capital	21a	148	146
Revenue reserve	21b	20,569,433	19,354,269
		<u>20,569,581</u>	<u>19,354,415</u>

The financial statements were authorised for issue by the Management Committee on 6 September 2022 and are signed on its behalf by:



Edward Harkins
Chairperson



Robert McLeary
Secretary



Name: FRANCES CUNNINGHAM
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 2022

	Notes	2022 £	2021 £
Tangible fixed assets			
Housing properties	12	30,560,285	30,732,945
Other fixed assets	12	1,441,884	1,258,863
		<u>32,002,169</u>	<u>31,991,808</u>
Investments			
Investment in subsidiary	15	100	100
Current assets			
Debtors	16	592,732	660,898
Stock		1,381	-
Cash and cash equivalents	17	1,874,967	1,967,385
		<u>2,469,080</u>	<u>2,628,283</u>
Creditors: amounts falling due within one year	18	<u>(1,876,453)</u>	<u>(1,823,567)</u>
Net current assets		<u>592,627</u>	<u>804,716</u>
Total assets less current liabilities		<u>32,594,896</u>	<u>32,796,624</u>
Creditors: amounts falling due after more than one year	19	<u>(12,228,031)</u>	<u>(12,982,367)</u>
Pension – defined benefit liability	22	<u>(31,000)</u>	<u>(560,000)</u>
Total net assets		<u>20,335,865</u>	<u>19,254,257</u>
Capital and reserve			
Share capital	21a	148	146
Revenue reserve	21b	20,335,717	19,254,111
		<u>20,335,865</u>	<u>19,254,257</u>

The financial statements were authorised for issue by the Management Committee on 6 September 2022 and are signed on its behalf by:

Edward Harkins
Chairperson

Robert McLeary
Secretary

Name: FRANKIE CUNNINGHAM
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 2022**

	Notes	2022 £	2021 £
Net cash flows generated from operating activities	25	1,978,676	1,784,754
Cash flows from investing activities			
Purchase of property, plant and equipment		(938,429)	(1,572,420)
Interest received		1,532	534
Grants received		-	79,528
		<u>(936,897)</u>	<u>(1,492,358)</u>
Cash flows from financing activities			
Issue of share capital		2	1
Loan finance drawn down		-	1,000,133
Repayment of borrowings		(754,055)	(714,595)
Interest paid		(190,618)	(184,744)
SHAPS past service deficit payments		(179,560)	(174,330)
		<u>(1,124,231)</u>	<u>(73,535)</u>
Net changes in cash and cash equivalents		(82,452)	218,861
Cash and cash equivalents at 1 April	17	<u>2,041,199</u>	<u>1,822,338</u>
Cash and cash equivalents at 31 March	17	<u>1,958,747</u>	<u>2,041,199</u>

(i) Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash	2,041,199	(82,452)	-	1,958,747
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	<u>2,041,199</u>	<u>(82,452)</u>	<u>-</u>	<u>1,958,747</u>
Borrowings				
Debt due within one year	(800,475)	754,055	(727,082)	(773,502)
Debt due after one year	(9,620,785)	-	727,082	(8,893,703)
	<u>(10,421,260)</u>	<u>754,055</u>	<u>-</u>	<u>(9,667,205)</u>
Total	<u>(8,380,061)</u>	<u>671,603</u>	<u>-</u>	<u>(7,708,458)</u>

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 2022**

	Notes	2022 £	2021 £
Net cash flows generated from operating activities	25	1,935,951	1,731,013
Cash flows from investing activities			
Purchase of property, plant and equipment		(938,429)	(1,572,321)
Interest received		10,575	9,266
Grants received		-	79,528
		(927,854)	(1,483,527)
Cash flows from financing activities			
Issue of share capital		2	1
Loan finance drawn down		-	1,000,133
Repayment of borrowings		(735,655)	(696,877)
Interest paid		(185,302)	(178,785)
SHAPS past service deficit payments		(179,560)	(174,330)
		(1,100,515)	(49,858)
Net changes in cash and cash equivalents		(92,418)	197,628
Cash and cash equivalents at 1 April	17	1,967,385	1,769,757
Cash and cash equivalents at 31 March	17	1,874,967	1,967,385

(i) Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash	1,967,385	(92,418)	-	1,874,967
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	1,967,385	(92,418)	-	1,874,967
Borrowings				
Debt due within one year	(782,076)	735,655	(707,975)	(754,396)
Debt due after one year	(9,464,479)	-	707,975	(8,756,504)
	(10,246,555)	735,655	-	(9,510,900)
Total	(8,279,170)	643,237	-	(7,635,933)

The notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 2019 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 Farnelton 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 2019 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 2022, 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 2022 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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

Group	Turnover £	Operating Expenditure £	2022 Operating Surplus £	Turnover £	Operating Expenditure £	2021 Operating Surplus £
Social lettings (Note 5a)	4,090,163	3,359,981	730,182	3,962,425	2,657,010	1,305,415
Other activities (Note 5b)	145,729	172,768	(27,039)	123,975	73,220	50,755
Aspire Community Development Company Limited	103,782	55,865	47,917	88,250	50,134	38,116
Less: intergroup service level agreement	(500)	(500)	-	(500)	(500)	-
	<u>4,339,174</u>	<u>3,588,114</u>	<u>751,060</u>	<u>4,174,150</u>	<u>2,779,864</u>	<u>1,394,286</u>
Association						
Social lettings (Note 5a)	4,090,164	3,399,981	730,182	3,962,425	2,657,010	1,305,415
Other activities (Note 5b)	145,729	172,768	(27,039)	123,975	73,220	50,755
	<u>4,235,893</u>	<u>3,532,749</u>	<u>703,143</u>	<u>4,086,400</u>	<u>2,730,230</u>	<u>1,356,170</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2022 Total £	2021 Total £
Revenue from lettings					
Rent receivable net of service charges	3,958,123	53,269	17,952	4,029,344	3,901,684
Service charges	-	-	-	-	-
Gross income from rent and service charges	3,958,123	53,269	17,952	4,029,344	3,901,684
Less: Rent losses from voids	(23,052)	-	-	(23,052)	(50,046)
Net rent receivable	3,935,071	53,269	17,952	4,006,292	3,851,638
Release of deferred government capital grants	67,464	-	1,256	68,720	110,787
Other revenue grants – stage 3 adaptations	15,151	-	-	15,151	-
Total turnover from social letting activities	4,017,686	53,269	19,208	4,090,163	3,962,425
Expenditure on social letting activities					
Management and maintenance administration costs	1,198,910	5,520	11,040	1,215,470	1,146,926
Service costs	8,918	-	-	8,918	64,041
Planned cyclical maintenance including major repairs	426,841	3,409	7,663	437,913	222,449
Reactive maintenance costs	431,469	16,322	-	447,791	325,799
Ground maintenance	56,464	-	-	56,464	45,447
Bad debts – rents and service charges	12,481	-	-	12,481	8,406
Property insurance	73,027	-	-	73,027	55,434
Depreciation of social housing *	1,104,480	-	3,437	1,107,917	788,508
Operating expenditure on social letting activities	3,312,590	25,251	22,140	3,359,981	2,657,010
Operating surplus on letting activities, 2022	705,096	28,018	(2,932)	730,182	
Operating surplus on letting activities, 2021	1,312,634	(17,211)	9,992		1,305,415

*The depreciation charges for housing stock in the year were £854,695 (2021: £757,236). The net book value of disposed components was £253,222 (2021: £31,272) in accordance with the SORP. Included within planned cyclical maintenance are costs of £2,160 (2021: £23,145) relating to major repairs.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022	Operating expenditure 2022	Surplus/ (deficit) 2022	Total Turnover 2021	Operating expenditure 2021	Surplus/ (deficit) 2021
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	895	(895)	-	866	(866)
Commercial rent	-	-	-	82,107	82,107	63,776	18,331	30,331	32,914	(2,583)
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	48,531	48,531	108,097	(59,566)	63,661	39,440	24,221
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Housing property sales	-	-	-	-	-	-	-	-	-	-
Supporting people	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Allowances for disposal of properties	-	-	-	-	-	-	-	-	-	-
Management Charge to Subsidiary	-	-	-	500	500	-	500	500	-	500
Other Income	14,591	-	-	-	14,591	-	14,591	29,483	-	29,483
Total from other activities- 2022	14,591	-	-	131,138	145,729	172,768	(27,039)			
Total from other activities- 2021	-	-	-	123,975				123,975	73,220	50,755

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 2022

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.

	2022 £	2021 £
Emoluments (excluding pension contributions) – Former Director	-	45,044
Emoluments (excluding pension contributions) – Current Director	70,435	26,245
	<u>70,435</u>	<u>26,245</u>
	2022 £	2021 £
Total Management Committee, Director and staff expenses reimbursed in so far as not chargeable to income tax	3,403	4,546
	<u>3,403</u>	<u>4,546</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 the former director to 31 March 2022 was £nil (2021: £6,793) and £10,565 (2021: £3,493) 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 financial statements). Their emoluments (excluding pension contributions) for the year were £223,626 (2021: £220,897). Their employer National Insurance contributions for the year were £24,219 (2021: £20,861) and the employer pension contributions for the year were £33,274 (2021: £32,278).

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

	2022 No	2021 No
£70,001 - £80,000	1	-
	<u>1</u>	<u>-</u>

7. Employee information – Group and Association

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

	2022 No	2021 No
Financial and administration	8	9
Maintenance	5	6
Housing management	5	4
	<u>18</u>	<u>19</u>
Average headcount	19	19
	<u>19</u>	<u>19</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. Employee information – Group and Association (continued)	2022	2021
	£	£
Staff costs (including Director's Emoluments):		
Wages and salaries	692,600	687,526
Social security costs	67,570	67,048
Pension costs	93,534	90,315
Temporary, Agency and Seconded Staff	38,999	33,076
	892,703	877,965

During the year past service deficit contributions of £185,364 (2021: £180,134) were paid. Of this payment, £179,560 (2021: £174,330) was a payment in respect of the SHAPS past service deficit liability. The remainder of £5,804 (2021: £5,804) was pension management costs which have been included in the pension contributions total included in staff costs above.

8. Operating surplus	2022	2021
	£	£
Group		
Operating surplus is stated after charging:		
Depreciation – charged in respect of tangible fixed assets	872,788	785,849
Depreciation – loss on disposal of components	253,222	31,272
Auditor's remuneration (excluding VAT)		
- In their capacity as the auditor	15,895	12,780
- In respect of other services	1,578	1,150
Association	2022	2021
	£	£
Operating surplus is stated after charging:		
Depreciation – charged in respect of tangible fixed assets	872,689	785,849
Depreciation – loss on disposal of components	253,222	31,272
Auditor's remuneration (excluding VAT)		
- In their capacity as the auditor	11,750	10,400
- In respect of other services	1,578	260
9. Interest receivable and other income	2022	2021
	£	£
Group		
Interest receivable on deposits	1,532	534
Association	2022	2021
	£	£
Interest receivable on deposits	1,532	534
Loan to subsidiary	9,043	8,732
	10,575	9,266

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
10. Interest payable and similar charges		
Group		
Loan interest	190,618	184,744
Defined benefit pension liability – interest charge (Note 22)	11,000	-
	<u>201,618</u>	<u>184,744</u>
Association		
	2022 £	2021 £
Loan interest	185,302	178,785
Defined benefit pension liability – interest charge (Note 22)	11,000	-
	<u>196,302</u>	<u>178,785</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 (2021: £nil). No corporation tax arose in Aspire Community Development Limited (2021: £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 (2021: £nil).

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2021	34,662,869	-	206,226	525,000	1,376,250	376,116	37,146,461
Additions	935,257	-	-	-	-	3,172	938,429
Disposals	(360,683)	-	-	-	-	(129,372)	(490,055)
Transfer	-	-	-	-	-	-	-
Revaluation	-	-	-	-	303,750	-	303,750
At 31 March 2022	35,237,443	-	206,226	525,000	1,680,000	249,916	37,898,585
Depreciation							
As at 1 April 2021	4,055,105	-	81,045	84,000	-	359,404	4,579,554
Charge for year	851,258	-	3,437	10,500	-	7,593	872,788
On disposals	(107,461)	-	-	-	-	(123,465)	(230,926)
At 31 March 2022	4,798,902	-	84,482	94,500	-	243,532	5,221,416
Net Book Value							
At 31 March 2022	30,438,541	-	121,744	430,500	1,680,000	6,384	32,677,169
At 31 March 2021	30,607,764	-	125,181	441,000	1,376,250	16,712	32,556,907

£935,257 (2021: £464,950) of component replacements were capitalised in the year. All housing properties are heritable. Properties with a cost of £nil (2021: £nil) and accumulated depreciation of £nil (2021: £nil) have been disposed in the year for net proceeds of £nil (2021: £nil). Grants due to be repaid on these properties is £nil (2021: £nil) with £nil (2021: £nil) released from deferred Government capital grants on disposal. Components with a cost of £360,683 (2021: £46,126) and accumulated depreciation of £107,461 (2021: £14,854) have been disposed in the year.

The fair value as at 31 March 2022 of the Aspire Centre investment property and office premises held was £1,300,000 (2021: £1,300,000). This is based on a valuation performed by D M Hall in December 2021. 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. The fair value as at 31 March 2022 for lockups and garages was £125,000 and for shop units was £105,000 based on a valuation performed by Jones Lang LaSalle in February 2022. The Caledonian Centre was valued at £675,000 by Jones Laing LaSalle as at 31 March 2022.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2021	34,662,869	-	206,226	525,000	801,250	334,221	36,529,566
Additions	935,257	-	-	-	-	3,172	938,429
Disposals	(360,683)	-	-	-	-	(129,372)	(490,055)
Transfer	-	-	-	-	-	-	-
Revaluation	-	-	-	-	203,750	-	203,750
At 31 March 2022	35,237,443	-	206,226	525,000	1,005,000	208,021	37,181,690
Depreciation							
As at 1 April 2021	4,055,105	-	81,045	84,000	-	317,608	4,537,758
Charge for year	851,258	-	3,437	10,500	-	7,494	872,689
On disposals	(107,461)	-	-	-	-	(123,465)	(230,926)
At 31 March 2022	4,798,902	-	84,482	94,500	-	201,637	5,179,521
Net Book Value							
At 31 March 2022	30,438,541	-	121,744	430,500	1,005,000	6,384	32,002,169
At 31 March 2021	30,607,764	-	125,181	441,000	801,250	16,613	31,991,808

£935,257 (2021: £464,950) of component replacements were capitalised in the year. All housing properties are heritable. Properties with a cost of £nil (2021: £nil) and accumulated depreciation of £nil (2021: £nil) have been disposed in the year for net proceeds of £nil (2021: £nil). Grants due to be repaid on these properties is £nil (2021: £nil) with £nil (2021: £nil) released from deferred Government capital grants on disposal. Components with a cost of £360,683 (2021: £46,126) and accumulated depreciation of £107,461 (2021: £14,854) have been disposed in the year.

The fair value as at 31 March 2022 of the Aspire Centre investment property and office premises held was £1,300,000 (2021: £1,300,000). This is based on a valuation performed by D M Hall in December 2021. 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. The fair value as at 31 March 2022 for lockups and garages was £125,000 and for shop units was £105,000 based on a valuation performed by Jones Lang LaSalle in February 2022.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. Housing stock – Group and Association

The number of units of housing accommodation available for let at 31 March 2022 was:

	Units in management 2022	<i>Units in management 2021</i>
General needs housing	873	<i>873</i>
Supported housing accommodation	4	<i>4</i>
	877	<i>877</i>
Shared ownership accommodation	8	<i>8</i>
	885	<i>885</i>

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 2022 was:

	Group Units in management 2022 No.	Group Units in management 2021 No.	Association Units in management 2022 No.	Association Units in management 2021 No.
Lock ups	35	35	35	35
Caledonian Centre	1	1	-	-
Aspire business centre	1	1	1	1
Shops	3	3	3	3
	40	40	39	39

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

15. Investment in subsidiary company

	2022 £	2021 £
Shares in subsidiary company	100	100

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

The 2022 subsidiary company accounts show a profit for the year of £131,829 (2021: £23,425) and net assets of £231,987 (2021: £100,258).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
16. Debtors		
Group		
Rental arrears	102,891	95,013
Less: Provision for bad and doubtful debts	(52,926)	(48,169)
	<u>49,965</u>	<u>46,844</u>
Factoring arrears	14,936	38,682
Other debtors	13,348	81,147
Prepayments and accrued income	155,537	137,919
	<u>233,786</u>	<u>304,592</u>
Association		
Rental arrears	102,891	95,013
Less: Provision for bad and doubtful debts	(52,926)	(48,169)
	<u>49,965</u>	<u>46,844</u>
Amounts due from subsidiary	370,748	358,006
Factoring arrears	14,936	38,682
Other debtors	13,348	81,147
Prepayments and accrued income	143,735	136,219
	<u>592,732</u>	<u>660,898</u>
17. Cash and cash equivalents		
Group		
Balances held in current accounts	957,768	1,327,976
Balances held in deposit accounts	1,000,979	713,223
	<u>1,958,747</u>	<u>2,041,199</u>
Association		
Balances held in current accounts	873,988	1,254,162
Balances held in deposit accounts	1,000,979	713,223
	<u>1,874,967</u>	<u>1,967,385</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
18. Creditors: amounts falling due within one year		
Group		
Bank and other loans	740,302	767,275
Scottish Government loan	33,200	33,200
Accruals	21,991	95,499
Other taxation and social security	18,878	17,645
Trade and Other creditors	724,623	557,354
Deferred Government capital grant (note 20)	89,753	112,112
Housing Association grant repayable	276,525	276,525
	<u>1,905,272</u>	<u>1,859,610</u>
Association	2022	2021
	£	£
Bank and other loans	721,196	748,876
Scottish Government loan	33,200	33,200
Accruals	18,083	89,354
Other taxation and social security	17,820	15,756
Trade and Other creditors	719,876	547,744
Deferred Government capital grant (note 20)	89,753	112,112
Housing Association grant repayable	276,525	276,525
	<u>1,876,453</u>	<u>1,823,567</u>
Included in other creditors is £28,474 (2021: £26,945) in respect of outstanding pension contributions.		
19. Creditors: amounts falling due after more than one year	2022	2021
	£	£
Group		
Bank and other loans	8,827,303	9,521,185
Scottish Government loan	66,400	99,600
Deferred Government capital grant (note 20)	3,471,527	3,517,888
	<u>12,365,230</u>	<u>13,138,673</u>
Association	2022	2021
	£	£
Bank and other loans	8,690,104	9,364,879
Scottish Government loan	66,400	99,600
Deferred Government capital grant (note 20)	3,471,527	3,517,888
	<u>12,228,031</u>	<u>12,982,367</u>

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

19. Creditors: amounts falling due after more than one year (continued)		
Group	2022	2021
	£	£
Bank and other loans and Scottish Government loan analysis:		
Due between one and two years	817,110	781,837
Due between two and five years	2,202,285	2,242,125
Due in more than five years	5,874,308	6,596,823
	8,893,703	9,620,785
Association	2022	2021
	£	£
Bank and other loans and Scottish Government loan analysis:		
Due between one and two years	792,256	761,643
Due between two and five years	2,143,096	2,179,397
Due in more than five years	5,821,152	6,523,439
	8,756,504	9,464,479

Loans are secured by specific charges on the Association's properties and are repayable at rates between Bank of England Base Rate (or alternative reference rate) + 0.25% and a fixed rate of 7.16% over the next 18 years. The only exceptions to this are interest-free loans from the Energy Savings Trust and the Scottish Government.

The Scottish Government Loan is a public benefit concessionary loan and is repayable with no interest charged over the next 3 years.

The net book value of housing properties secured at the year-end was £17,814,179 (2021:£17,672,752)

20. Deferred Government capital grants – Group and Association	2022	2021
	£	£
<u>Housing grants</u>		
At 1 April	3,630,000	3,661,259
Grants received in year	-	79,528
Disposals	-	-
Released to income in year	(68,720)	(110,787)
	3,561,280	3,630,000
At 31 March		
Split:		
Due within one year	89,753	112,112
Due between one and two years	89,753	112,112
Due between two and five years	269,259	336,337
Due in more than five years	3,112,515	3,069,439
	3,561,280	3,630,000
At 31 March		

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
21a. Share capital – Group and Association		
At beginning of year	146	145
Shares issued during the year	2	1
Shares forfeited in year	-	-
	<hr/>	<hr/>
At end of year	148	146
	<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 0 (2021: 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 2021 by a professionally qualified actuary using the technical provisions basis. The market value of the Scheme's assets at the valuation date was £1,173 million. The valuation revealed a shortfall of assets compared to liabilities of £27 million, equivalent to a past service funding level of 98%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
22. Pension obligations (continued)

The 30 September 2018 valuation has been used in preparing the 31 March 2022 values. 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	1.70% per annum
	(for leavers before 1 October 1993 pension increases are 5%)	
• Rate of price inflation	3.35% per annum	

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.

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at the total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy and therefore the potential impact is not reflected in the year end carrying value of the SHAPS pension scheme.

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value of plan assets	5,297	4,950
Present value of defined benefit obligation	(5,328)	(5,510)
Defined benefit liability to be recognised	(31)	(560)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
22. Pension obligations (continued)**Reconciliation of opening and closing balances of the defined benefit obligation**

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Defined benefit obligation at start of period	(5,510)	(5,226)
Current service cost	-	(17)
Expenses	(6)	(6)
Interest expense	(120)	(122)
Actuarial (losses)/gains due to scheme experience	(244)	678
Actuarial (losses)/gains due to changes in demographic assumptions	(17)	-
Actuarial gains/(losses) due to changes in financial assumptions	467	(1,032)
Benefits paid and expenses	102	225
Contributions by plan participants	-	(10)
Defined benefit liability at the end of the period	(5,328)	(5,510)

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value of plan assets at start of the period	4,950	5,152
Interest income	109	122
Experience on plan assets (excluding amounts included in interest income) – gain/(loss)	155	(300)
Contributions by the employer	185	191
Contributions by plan participants	-	10
Benefits paid and expenses	(102)	(225)
Fair value of plan assets at end of period	5,297	4,950

Defined benefit costs recognised in the Statement of Comprehensive Income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Current service cost	-	17
Admin expenses	6	6
Net interest expense	11	-
Defined benefit costs recognised in Statement of Comprehensive Income	17	23

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

22. Pension obligation (continued)

Defined benefit costs recognised in Other Comprehensive Income

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost – gain/(loss))	155	(300)
Experience gains and losses arising on the plan liabilities – (loss)/gain	(244)	678
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	(17)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	467	(1,032)
Total amount recognised in other comprehensive income – gain/(loss)	361	(654)

Fund allocation for employer's calculated share of asset

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Liability Driven Investment	1,281	1,190
Global Equity	1,047	766
Absolute Return	243	244
Corporate Bond Fund	335	373
Alternative Risk Premia	219	199
Infrastructure	331	276
Secured Income	283	272
Emerging Markets Debt	197	199
Risk Sharing	173	177
Insurance-Linked Securities	111	103
Over 15 Year Gilts	2	2
Property	137	89
Credit Relative Value	170	143
Distressed Opportunities	190	169
Private Debt	133	117
Opportunistic Illiquid Credit	176	127
Liquid Credit	34	85
Long Lease Property	153	115
High Yield/Opportunistic Credit	69	265
Net Current Assets	17	37
Cash	15	2
Currency Hedging	(19)	-
Total Assets	5,297	4,950

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
22. Pension Obligation (continued)

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

Assumptions as at	31 March 2022 % per annum
Discount rate	2.79
Inflation (RPI)	3.54
Inflation (CPI)	3.17
Salary growth	4.17
Allowance for commutation of pension for cash at retirement	75% of Maximum Allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

Member data summary
Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	3	149	58
Females	6	212	50
Total	9	362	52

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	1	1	46
Females	2	8	48
Total	3	9	47

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	1	38	66
Females	8	58	65
Total	9	96	65

The above membership data is as at 30 September 2021.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2021. As of this date the estimated employer debt for the Association was £2,405,124 (2020: £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 2022 there were 16 members in the Defined Contribution scheme at the year-end (2021: 17).

The Defined Benefit Scheme was closed during the 2021/21 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 2022

23. Operating lease commitments – Group and Association

The Association's annual commitments for rental payments under non-cancellable operating leases at 31 March 2022 were set out below:

	2022 Office Equipment £	2021 Office Equipment £
Total commitment due within:		
Within one year	9,878	14,741
Between one and two years	9,878	10,599
Between two to five years	16,026	13,413
Over five years	-	493
	<u>35,782</u>	<u>39,246</u>

24. Legislative provisions

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
25. Net cash flow from operating activities		
Group		
Surplus for the year	854,724	1,236,326
<i>Adjustments for non-cash items:</i>		
Depreciation of housing properties including loss on disposal components	1,107,917	788,508
Depreciation of property, plant and equipment	18,093	28,613
Revaluation of investment property	(303,750)	(26,250)
Carrying value of disposed assets	5,907	-
Decrease in debtors	70,806	1,972
Increase/(decrease) in creditors	94,994	(324,168)
SHAPS current service cost and expense	-	6,330
Increase in stock	(1,381)	-
<i>Adjustments for investing and financing activities:</i>		
Interest payable	201,618	184,744
Interest received	(1,532)	(534)
Release of deferred capital government grant - revenue	(68,720)	(110,787)
	<u>1,978,676</u>	<u>1,784,754</u>
Association		
Surplus for the year	721,166	1,212,901
<i>Adjustments for non-cash items:</i>		
Depreciation of housing properties including loss on disposal of components	1,107,917	788,508
Depreciation of property, plant and equipment	17,994	28,613
Carrying value of disposed assets	5,907	-
(Increase)/decrease in debtors	68,166	(11,417)
(Increase)/decrease in stock	(1,381)	-
(Decrease)/increase in creditors	102,925	(326,404)
SHAPS current service cost and expense	-	6,330
Revaluation of investment property	(203,750)	(26,250)
<i>Adjustments for investing and financing activities:</i>		
Interest payable	196,302	178,785
Interest received	(10,575)	(9,266)
Release of deferred capital government grant - revenue	(68,720)	(110,787)
	<u>1,935,951</u>	<u>1,731,013</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

26. Related party transactions

Aspire Community Development Company Limited

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

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £536 (2021: £nil).

During the year, management charges of £500 (2021: £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 (2021: £3,200) and were recharged in the year.

Interest of £9,043 was charged in respect of the balances outstanding (2021: £8,732).

At the year-end £370,748 was owed by Aspire to the Association and is included within debtors (2021: £358,006).

Management Committee

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £9,398 (2021: £3,839). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £nil (2021: £nil). The total rent paid in advance of the year-end was £1,247 (2021: £398).

Two Management Committee members own properties which are factored by the Association. Factoring charges for Committee members were £535 (2021: £629). There were arrears of £nil (2021: £nil) at the year end. There were payments in advance at the year-end of £50 (2021: £47).

