

**RUTHERGLEN AND CAMBUSLANG  
HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

# **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

## **CONTENTS**

---

|                                                                                                   | <b>Pages</b>   |
|---------------------------------------------------------------------------------------------------|----------------|
| <b>Management Committee, Director, Management Team and Professional Advisers</b>                  | <b>1</b>       |
| <b>Report of the Management Committee (incorporating the Strategic Report)</b>                    | <b>2 – 5</b>   |
| <b>Report of the Auditor to the Management Committee on Internal Financial Controls</b>           | <b>6</b>       |
| <b>Independent Auditor's Report to the Members of the Association on the Financial Statements</b> | <b>7 – 9</b>   |
| <b>Statement of Comprehensive Income</b>                                                          | <b>10</b>      |
| <b>Statement of Changes in Capital and Reserves</b>                                               | <b>11</b>      |
| <b>Statement of Financial Position</b>                                                            | <b>12</b>      |
| <b>Statement of Cash Flows</b>                                                                    | <b>13</b>      |
| <b>Notes to the Financial Statements</b>                                                          | <b>14 – 39</b> |

### **Registration information**

|                             |                                                                                     |
|-----------------------------|-------------------------------------------------------------------------------------|
| Financial Conduct Authority | Co-operative and Communities Benefit Societies Act 2014<br>Registered number 2029RS |
| Scottish Housing Regulator  | Housing (Scotland) Act 2010<br>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 2020**

---

#### **Chairperson of the Management Committee**

Robert McLeary

#### **Vice-Chairperson**

Jean Stewart

#### **Secretary**

Geraldine Baird

#### **Management Committee Members**

Nora Dillon

Jean Gow

Gary Gow

Karen McCartney

Mary Ellen McKeown

Eveline Thompson

Frances Cunningham

Edward Harkins

Christine McPhail

#### **Director**

Dave Anderson

#### **Management Team**

Jim Kerr, Senior Housing Officer

Ronnie Cunningham, Senior Housing Officer

John McNulty, Maintenance Manager

#### **Registered Office**

Aspire Business Centre  
16 Farmloan Road  
Rutherglen  
Glasgow  
G73 1DL

#### **Auditor**

Azets Audit Services  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow

G2 6NL

#### **Bankers**

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

#### **Solicitors**

MSM Hart Smith  
43 Crow Road  
Glasgow  
G11 7SH

T C Young  
7 West George Street  
Glasgow  
G2 1BA

Kelly & Co  
184 Abercromby Street  
Glasgow  
G40 2RZ

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2020**

---

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 2020.

#### **Objectives and Strategy**

The Association's overall strategy was reviewed in February 2019 and this continues to be to provide good quality housing, promote innovation and encourage community involvement.

Our business objectives remain as follows:

- Continuation of our asset management strategy moving towards achieving the 2020 EESSH standard;
- Ensure that the Association and our tenants are not significantly adversely affected by the introduction of Universal Credit;
- Meet our performance obligations to our lenders and the Scottish Housing Regulator;
- Provide quality homes and services at the right price for our tenants;
- Addressing staff succession planning and develop the skills of our team; and
- To consider the risk that Brexit presents to our continuing ability to deliver for our tenants and others who rely on the services we provide.

#### **Performance of Business**

The Association has continued to perform efficiently and achieve high performance standards during the last year. We have been preparing for the roll out of Universal Credit in our area for the last few years and we feel that this preparatory work has been of benefit to the Association and our tenants. The full roll out will take place in October 2020 and we will continue to work with our tenants to mitigate the effect of this. We recognise that the success of the organisation going forward relies on the support that we can offer our tenants to live in affordable well maintained fuel efficient properties.

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

- the investment of £699k of capital improvements to our existing housing units in line with our asset management strategy;
- the achievement of SHQS in all of our properties apart from allowable exceptions;
- 96.6% of our stock meets the EESSH 2020 standard and we are on target for 100% of our properties to meet the target by the 2020 deadline;
- a continuing programme of Committee appraisals and training to ensure the strong governance of the organisation; and
- the completion of 37 new homes and a site start to construct a further 18.

With regards to the management of our stock, our performance continues to be excellent. Our overall arrears figure for the year was 3.16% and our rental loss through voids and bad debts was 0.77%. With regards to the maintenance of our stock we continue to provide a responsive repair service and invest in our planned maintenance programme.

As a result of the introduction of higher subsidies for new build development by the Scottish Government the Association is once again looking at developing new homes. We have a strong track record and expertise in development and our lenders have indicated that they are willing to support us. During the year, 37 new homes for social rent in Cathcart Road, Rutherglen were completed and a site start was achieved to construct a further 18 homes in Hamilton Road, Cambuslang.

The Association carried out sensitivity testing on our 30-year financial projections and revised these to take into account our additional units and loan commitment. This will ensure that we have sufficient resources available to meet our obligations and ambitions regarding tenants' needs and expectations, legislative requirements, and the scope to make significant progress to help build more sustainable communities in the future. This was also factored into the review of our Business Plan and a revised Plan for the period 2020 – 2022 was agreed in March.

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2020**

---

The Association carried out a comprehensive tenant satisfaction survey in November 2019 and this demonstrated that there is a high level of satisfaction amongst its tenants. Key findings were;

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

#### **Risk and Uncertainties**

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

#### **Governance**

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

In preparation for the publication of the revised Regulatory Framework and the requirement of an Assurance Statement to be submitted to the Scottish Housing Regulator, the Management Committee carried out a self-assessment against the new Regulatory Requirements and Standards. Our first Assurance statement was submitted to the Regulator in October 2019. This identified three minor areas where the management committee felt that it was not fully compliant and following additional measures being implemented, we reported to the Regulator that we were fully compliant in February 2020.

The Association is in the final year of a 3 year contract with Alexander Sloan to provide Internal Audit assurance to the governing body.

#### **Impact of Covid-19**

The impact of the Covid-19 pandemic started just prior to the end of the financial year with a national lockdown taking place on the 23<sup>rd</sup> March 2020. As a result of this the Association had to close its office and its business continuity plan was successfully implemented. Staff started working from home on the 24<sup>th</sup> March through a secure connection to the Association's network and we managed to maintain a service to tenants throughout the period. The majority of our service was assisting tenants who had adversely been affected by Covid-19 get financial help. Our planned maintenance programme for the year was put on hold due to restrictions on access to tenant's homes and this will be picked up once restrictions are eased. We do not foresee the impact of Covid-19 having a significant adverse effect on the Association as we started from a strong financial position but the Committee will continue to monitor this going forward and adjust its budget accordingly.

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2020**

---

#### **Covid-19 and Going Concern**

COVID-19 will not have a significant impact on the going concern status because the Association has implemented its business continuity plan, and this has succeeded in maintaining services to tenants and its income has not been significantly affected. It has also reviewed capital spending plans to address any cashflow issues that may arise but it is not anticipated.

#### **Statement on Internal Financial Controls**

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

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

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

1. formal policies and procedures to restrict the unauthorised use of the Association's assets;
2. experienced and suitably qualified staff take responsibility for important business functions;
3. forecasts and budgets are prepared which allow the Committee and Management Team to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
4. quarterly management accounts are prepared and significant variances from budgets are investigated as appropriate;
5. all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub committees comprising of Committee Members;
6. the appointment by the Management Committee of 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 2020. No weaknesses were found in the internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements.

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2020**

---

#### **Statement of the Management Committee's Responsibilities**

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

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

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

The Committee must 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 issued by the Scottish Housing Regulator.

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

#### **Disclosure of Information to the Auditor**

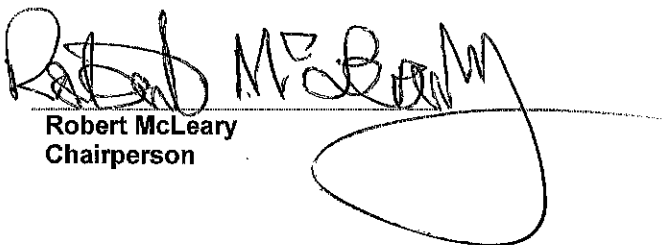
To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

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

#### **Auditor**

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Azets Audit Services. Azets Audit Services have expressed their willingness to continue in office as auditor, and will be proposed for appointment at the Annual General Meeting.

Approved by the Management Committee and signed on its behalf on 8 September 2020 by:



Robert McLeary  
Chairperson

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2020**

---

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

#### **Basis of Opinion**

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

#### **Opinion**

In our opinion, your Statement on Internal Financial Controls on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

*Azets Audit Services*

**Azets Audit Services**  
**Statutory Auditor**  
25 Bothwell Street  
Glasgow  
G2 6NL

Dated: 8 September 2020

## **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 2020**

---

#### **Opinion**

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of 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 Association's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Conclusions relating to going concern**

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

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

## **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 2020**

---

#### **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. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the financial statements of the Association's subsidiary in group financial statements required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2020, because of the immaterial nature of the subsidiary's transactions in the year.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of the Management Committee**

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 5, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the 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 Association or to cease operations, or have no realistic alternative but to do so.

## **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 2020**

---

#### **Auditor's responsibilities for the audit of the financial statements**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, 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 Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Azets Audit Services,**  
**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

Date: 8 September 2020

**RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

|                                                              | Notes | 2020<br>£          | 2019<br>£          |
|--------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Turnover</b>                                              | 4     | <b>3,893,454</b>   | 3,657,990          |
| Operating expenditure                                        | 4     | <b>(3,186,990)</b> | <b>(3,040,740)</b> |
| <b>Operating surplus</b>                                     | 4     | <b>706,464</b>     | 617,250            |
| Gain on disposal of property, plant and equipment            |       | <b>5,065</b>       | -                  |
| Interest receivable and other income                         | 9     | <b>13,139</b>      | 14,686             |
| Interest payable and similar charges                         | 10    | <b>(295,672)</b>   | <b>(316,811)</b>   |
| Loss on impairment                                           | 12    | -                  | <b>(6,470)</b>     |
| <b>Surplus for the year</b>                                  |       | <b>428,996</b>     | 308,655            |
| <b>Other comprehensive income</b>                            |       |                    |                    |
| Initial recognition of multi-employer defined benefit scheme | 22    | -                  | <b>(39,000)</b>    |
| Actuarial Gain / (loss) in respect of pension scheme         | 22    | <b>715,000</b>     | <b>(288,000)</b>   |
| <b>Total comprehensive income</b>                            |       | <b>1,143,996</b>   | <b>(18,345)</b>    |

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

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

---

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

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 MARCH 2019**

---

|                                  | <b>Share<br/>Capital<br/>£</b> | <b>Revenue<br/>Reserve<br/>£</b> | <b>Total<br/>Reserves<br/>£</b> |
|----------------------------------|--------------------------------|----------------------------------|---------------------------------|
| Balance at 1 April 2018          | 215                            | 17,569,559                       | 17,569,774                      |
| Total comprehensive income       | -                              | (18,345)                         | (18,345)                        |
| Shares issued during the year    | 14                             | -                                | 14                              |
| Shares cancelled during the year | (100)                          | -                                | (100)                           |
|                                  | <hr/>                          | <hr/>                            | <hr/>                           |
| Balance at 31 March 2019         | 129                            | 17,551,214                       | 17,551,343                      |
|                                  | <hr/>                          | <hr/>                            | <hr/>                           |

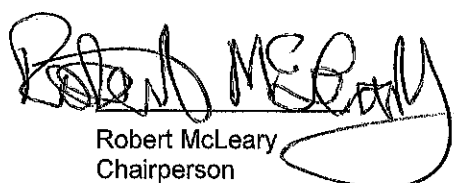
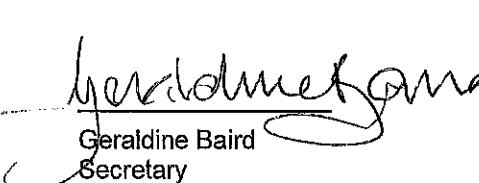
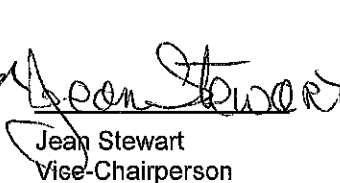
The notes form part of these financial statements.

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

|                                                                | Notes | 2020<br>£           | 2019<br>£           |
|----------------------------------------------------------------|-------|---------------------|---------------------|
| <b>Tangible fixed assets</b>                                   |       |                     |                     |
| Housing properties                                             | 12    | 29,965,026          | 29,091,921          |
| Other fixed assets                                             | 12    | 1,245,332           | 1,260,632           |
|                                                                |       | <b>31,210,358</b>   | <b>30,352,553</b>   |
| <b>Investments</b>                                             |       |                     |                     |
| Investment in subsidiary                                       | 15    | 100                 | 100                 |
| <b>Current assets</b>                                          |       |                     |                     |
| Debtors                                                        | 16    | 649,481             | 693,856             |
| Cash and cash equivalents                                      | 17    | 1,769,757           | 1,595,869           |
|                                                                |       | <b>2,419,238</b>    | <b>2,289,725</b>    |
| <b>Creditors: amounts falling due within one year</b>          | 18    | <b>(2,065,024)</b>  | <b>(3,280,845)</b>  |
| <b>Net current assets/(liabilities)</b>                        |       | <b>354,214</b>      | <b>(991,120)</b>    |
| <b>Total assets less current liabilities</b>                   |       | <b>31,564,672</b>   | <b>29,361,533</b>   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | <b>(12,795,317)</b> | <b>(10,931,190)</b> |
| Pension – defined benefit liability                            | 22    | (74,000)            | (879,000)           |
| <b>Total net assets</b>                                        |       | <b>18,695,355</b>   | <b>17,551,343</b>   |
| <b>Capital and reserve</b>                                     |       |                     |                     |
| Share capital                                                  | 21a   | 145                 | 129                 |
| Revenue reserve                                                | 21b   | 18,695,210          | 17,551,214          |
|                                                                |       | <b>18,695,355</b>   | <b>17,551,343</b>   |

The financial statements were authorised for issue by the Management Committee on 8 September 2020 and are signed on its behalf by:

Robert McLeary  
Chairperson

Geraldine Baird  
Secretary

Jean Stewart  
Vice-Chairperson

The notes form part of these financial statements.

**RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020**

|                                                           | Notes | 2020<br>£        | 2019<br>£          |
|-----------------------------------------------------------|-------|------------------|--------------------|
| <b>Net cash flows generated from operating activities</b> | 26    | <b>1,408,478</b> | <b>1,409,449</b>   |
| <b>Cash flows from investing activities</b>               |       |                  |                    |
| Purchase of property, plant and equipment                 |       | (1,700,065)      | (3,841,513)        |
| Interest received                                         |       | 13,139           | 5,882              |
| Grants received                                           |       | 765,271          | 1,475,095          |
|                                                           |       | <b>(921,655)</b> | <b>(2,360,536)</b> |
| <b>Cash flows from financing activities</b>               |       |                  |                    |
| Issue of share capital                                    |       | 21               | 14                 |
| Loan finance drawn down                                   |       | 614,165          | 1,651,835          |
| Repayment of borrowings                                   |       | (675,350)        | (572,529)          |
| Interest paid                                             |       | (276,672)        | (300,811)          |
| Withdrawal from current asset investments                 |       | -                | 303,300            |
| Proceeds from disposals                                   |       | 24,901           | -                  |
|                                                           |       | <b>(312,935)</b> | <b>1,081,809</b>   |
| <b>Net changes in cash and cash equivalents</b>           |       | <b>173,888</b>   | <b>130,722</b>     |
| Cash and cash equivalents at 1 April                      | 17    | <b>1,595,869</b> | <b>1,465,147</b>   |
| <b>Cash and cash equivalents at 31 March</b>              | 17    | <b>1,769,757</b> | <b>1,595,869</b>   |

**(i) Analysis of changes in net debt**

|                                  | At 1 April<br>2019<br>£ | Cash flows<br>£ | Other non-<br>cash<br>changes<br>£ | At 31 March<br>2020<br>£ |
|----------------------------------|-------------------------|-----------------|------------------------------------|--------------------------|
| <b>Cash and cash equivalents</b> |                         |                 |                                    |                          |
| Cash                             | 1,595,869               | 173,888         | -                                  | 1,769,757                |
| Overdrafts                       | -                       | -               | -                                  | -                        |
| Cash equivalents                 | -                       | -               | -                                  | -                        |
|                                  | <b>1,595,869</b>        | <b>173,888</b>  | <b>-</b>                           | <b>1,769,757</b>         |
| <b>Borrowings</b>                |                         |                 |                                    |                          |
| Debt due within one year         | (2,014,771)             | 675,350         | 617,879                            | (721,542)                |
| Debt due after one year          | (7,989,713)             | (614,165)       | (617,879)                          | (9,221,757)              |
|                                  | <b>(10,004,484)</b>     | <b>61,185</b>   | <b>-</b>                           | <b>(9,943,299)</b>       |
| <b>Total</b>                     | <b>(8,408,615)</b>      | <b>235,073</b>  | <b>-</b>                           | <b>(8,173,542)</b>       |

The notes form part of these financial statements.

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

---

#### **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.

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

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

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

#### **2. Principal accounting policies**

##### **Basis of accounting**

The financial statements 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 2020, 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 2020 and of the results for the year ended on that date.

##### **Going Concern**

The Management Committee anticipates that a surplus will be generated in the years to 31 March 2021 and 31 March 2022. The Association has 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. As outlined in the Report of the Management Committee we have considered the expected impact of COVID-19 when arriving at this conclusion.

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

---

#### **2. Principal accounting policies (continued)**

##### **Turnover**

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

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.

##### **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:

- (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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**2. Principal accounting policies (continued)**

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

**Consolidation**

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

**Debtors**

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

## **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

---

#### **2. Principal accounting policies (continued)**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

2. Principal accounting policies (continued)

**Government capital grants**

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

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

**Non-government grants**

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

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**2. Principal accounting policies (continued)**

**Pensions (continued)**

***The Scottish Housing Association Defined Contribution Scheme***

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

**Loans**

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

**Operating leases**

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

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

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

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

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

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

## RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 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 2020

| 4. Particulars of turnover, operating expenditure and operating surplus/(deficit) | 2020             |                               |                           | 2019             |                               |                                     |
|-----------------------------------------------------------------------------------|------------------|-------------------------------|---------------------------|------------------|-------------------------------|-------------------------------------|
|                                                                                   | Turnover<br>£    | Operating<br>expenditure<br>£ | Operating<br>surplus<br>£ | Turnover<br>£    | Operating<br>expenditure<br>£ | Operating<br>surplus/(deficit)<br>£ |
| Social lettings (Note 5a)                                                         | 3,811,244        | 3,064,279                     | 746,965                   | 3,507,423        | 2,802,160                     | 705,263                             |
| Other activities (Note 5b)                                                        | 82,210           | 122,711                       | (40,501)                  | 150,567          | 238,580                       | (88,013)                            |
|                                                                                   | <u>3,893,454</u> | <u>3,186,990</u>              | <u>706,464</u>            | <u>3,657,990</u> | <u>3,040,740</u>              | <u>617,250</u>                      |

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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

|                                                           | General Needs<br>Housing<br>£ | Supported<br>Housing<br>Accommodation<br>£ | Shared<br>Ownership<br>Accommodation<br>£ | 2020<br>Total<br>£ | 2019<br>Total<br>£ |
|-----------------------------------------------------------|-------------------------------|--------------------------------------------|-------------------------------------------|--------------------|--------------------|
| <b>Revenue from lettings</b>                              |                               |                                            |                                           |                    |                    |
| Rent receivable net of service charges                    | 3,659,549                     | 52,062                                     | 18,031                                    | 3,729,642          | 3,483,133          |
| Service charges                                           | -                             | -                                          | -                                         | -                  | -                  |
| <b>Gross income from rent and service charges</b>         | <b>3,659,549</b>              | <b>52,062</b>                              | <b>18,031</b>                             | <b>3,729,642</b>   | <b>3,483,133</b>   |
| Less: Rent losses from voids                              | (23,156)                      | -                                          | -                                         | (23,156)           | (7,603)            |
| <b>Net rent receivable</b>                                | <b>3,636,393</b>              | <b>52,062</b>                              | <b>18,031</b>                             | <b>3,706,486</b>   | <b>3,475,530</b>   |
| Release of deferred government capital grants             | 74,752                        | -                                          | 1,256                                     | 76,008             | 1,500              |
| Other revenue grants – stage 3 adaptations                | 28,750                        | -                                          | -                                         | 28,750             | 30,393             |
| <b>Total turnover from social letting activities</b>      | <b>3,739,895</b>              | <b>52,062</b>                              | <b>19,287</b>                             | <b>3,811,244</b>   | <b>3,507,423</b>   |
| <b>Expenditure on social letting activities</b>           |                               |                                            |                                           |                    |                    |
| Management and maintenance administration costs           | 1,241,113                     | 19,153                                     | 6,634                                     | 1,266,900          | 1,172,200          |
| Office repairs                                            | -                             | -                                          | -                                         | -                  | 89,578             |
| Service charges                                           | 69,029                        | -                                          | -                                         | 69,029             | 59,670             |
| Planned cyclical maintenance including major repairs      | 303,680                       | 12,770                                     | -                                         | 316,450            | 302,069            |
| Reactive maintenance costs                                | 433,301                       | 16,184                                     | -                                         | 449,485            | 304,875            |
| Ground maintenance                                        | 51,798                        | -                                          | -                                         | 51,798             | 50,505             |
| Bad debts – rents and service charges                     | 5,423                         | -                                          | -                                         | 5,423              | 17,418             |
| Property insurance                                        | 105,313                       | 1,506                                      | 522                                       | 107,341            | 108,644            |
| Depreciation of social housing *                          | 771,210                       | 22,931                                     | 3,712                                     | 797,853            | 697,201            |
| <b>Operating expenditure on social letting activities</b> | <b>2,980,867</b>              | <b>72,544</b>                              | <b>10,868</b>                             | <b>3,064,279</b>   | <b>2,802,160</b>   |
| <b>Operating surplus on letting activities, 2020</b>      | <b>759,028</b>                | <b>(20,482)</b>                            | <b>8,419</b>                              | <b>746,965</b>     |                    |
| <b>Operating surplus on letting activities, 2019</b>      | <b>705,263</b>                | <b>-</b>                                   | <b>-</b>                                  | <b>705,263</b>     |                    |

\*The depreciation charges for housing stock in the year were £711,169 (2019: £589,374). The net book value of disposed components was £86,684 (2019: £107,827) in accordance with the SORP. Included within planned cyclical maintenance are costs of £27,947 (2019: £61,166) relating to major repairs.

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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

|                                                           | Grants<br>from<br>Scottish<br>Ministers | Other<br>revenue<br>grants | Supporting<br>people<br>income | Other<br>income | Total<br>Turnover<br>2020 | Operating<br>expenditure<br>2020 | Surplus/<br>(deficit)<br>2020 | Total<br>Turnover<br>2019 | Operating<br>expenditure<br>2019 | Surplus/<br>(deficit)<br>2019 |
|-----------------------------------------------------------|-----------------------------------------|----------------------------|--------------------------------|-----------------|---------------------------|----------------------------------|-------------------------------|---------------------------|----------------------------------|-------------------------------|
|                                                           | £                                       | £                          | £                              | £               | £                         | £                                | £                             | £                         | £                                | £                             |
| Wider role activities                                     | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | 847                              | (847)                         |
| Commercial rent                                           | -                                       | -                          | -                              | 25,419          | 25,419                    | 68,513                           | (43,094)                      | 96,374                    | 194,486                          | (98,112)                      |
| Care and repair of<br>property                            | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Factoring                                                 | -                                       | -                          | -                              | 54,335          | 54,335                    | 54,198                           | 137                           | 53,693                    | 43,247                           | 10,446                        |
| Development and<br>construction of property<br>activities | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Housing property sales                                    | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Supporting people                                         | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Agency/management                                         | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| services for RSLs                                         | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Allowances for disposal of<br>properties                  | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Recharge repair – bad<br>debts                            | -                                       | -                          | -                              | -               | -                         | -                                | -                             | -                         | -                                | -                             |
| Management charge to<br>subsidiary                        | -                                       | -                          | -                              | 500             | 500                       | -                                | 500                           | 500                       | -                                | 500                           |
| Other Income                                              | -                                       | -                          | -                              | 1,956           | 1,956                     | -                                | 1,956                         | -                         | -                                | -                             |
| Total from other activities-<br>2020                      | -                                       | -                          | -                              | 82,210          | 82,210                    | 122,711                          | (40,501)                      |                           |                                  |                               |
| Total from other activities-<br>2019                      | -                                       | -                          | -                              | 150,567         | 150,567                   | 238,580                          | (88,013)                      | 150,567                   | 238,580                          | (88,013)                      |

# 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 2020

### 6. Directors' emoluments

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

|                                                                                                              | 2020<br>£     | 2019<br>£     |
|--------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Emoluments (excluding pension contributions) of Director                                                     | <u>71,482</u> | <u>69,875</u> |
|                                                                                                              | 2020<br>£     | 2019<br>£     |
| Total Management Committee, Director and staff expenses reimbursed in so far as not chargeable to income tax | <u>5,622</u>  | <u>8,551</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 director to 31 March 2020 was £9,007 (2019: £8,804).

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

The Association considers key management personnel to be the Management Committee, the Director and the Management Team of the Association (as detailed on the first page of the accounts). Their emoluments (excluding pension contributions) for the year were £217,084 (2019: £212,205). Their employer National Insurance contributions for the year were £23,803 (2019: £22,309) and the employer pension contributions for the year were £27,353 (2019: £26,738).

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

|                   | 2020<br>No | 2019<br>No |
|-------------------|------------|------------|
| £70,001 - £80,000 | 1          | -          |
| £60,001 - £70,000 | -          | 1          |

### 7. Employee information

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

|                              | 2020<br>No  | 2019<br>No  |
|------------------------------|-------------|-------------|
| Financial and administration | 8.0         | 8.5         |
| Maintenance                  | 6.0         | 5.5         |
| Housing management           | 4.0         | 4.0         |
|                              | <u>18.0</u> | <u>18.0</u> |
| Average headcount            | <u>18.0</u> | <u>18.5</u> |

# **RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

| <b>7. Employee information (continued)</b>     | <b>2020</b>    | <b>2019</b>    |
|------------------------------------------------|----------------|----------------|
|                                                | <b>£</b>       | <b>£</b>       |
| Staff costs (including Director's Emoluments): |                |                |
| Wages and salaries                             | <b>680,692</b> | <b>637,569</b> |
| Social security costs                          | <b>66,760</b>  | <b>61,464</b>  |
| Pension costs                                  | <b>78,583</b>  | <b>76,627</b>  |
|                                                | <b>826,035</b> | <b>775,660</b> |

During the year past service deficit contributions of £173,483 (2019: £168,576) were paid. Of this payment, £168,422 (2019: £163,517) was a payment in respect of the SHAPS past service deficit liability. The remainder of £5,059 (2019: £5,059) was pension management costs which have been included in the pension contributions total included in staff costs above.

| <b>8. Operating surplus</b>                                | <b>2020</b>    | <b>2019</b>    |
|------------------------------------------------------------|----------------|----------------|
|                                                            | <b>£</b>       | <b>£</b>       |
| Operating surplus is stated after charging:                |                |                |
| Depreciation – charged in respect of tangible fixed assets | <b>739,037</b> | <b>589,374</b> |
| Depreciation – loss on disposal of components              | <b>86,684</b>  | <b>107,827</b> |
| Auditor's remuneration (excluding VAT)                     |                |                |
| - In their capacity as the auditor                         | <b>9,550</b>   | <b>9,270</b>   |
| - In respect of other services                             | <b>650</b>     | <b>620</b>     |

| <b>9. Interest receivable and other income</b> | <b>2020</b>   | <b>2019</b>   |
|------------------------------------------------|---------------|---------------|
|                                                | <b>£</b>      | <b>£</b>      |
| Interest receivable on deposits                | <b>4,711</b>  | <b>5,882</b>  |
| Loan to subsidiary                             | <b>8,428</b>  | <b>8,804</b>  |
|                                                | <b>13,139</b> | <b>14,686</b> |

| <b>10. Interest payable and similar charges</b>               | <b>2020</b>    | <b>2019</b>    |
|---------------------------------------------------------------|----------------|----------------|
|                                                               | <b>£</b>       | <b>£</b>       |
| Loan interest                                                 | <b>276,672</b> | <b>300,811</b> |
| Defined benefit pension liability – interest charge (Note 23) | <b>19,000</b>  | <b>16,000</b>  |
|                                                               | <b>295,672</b> | <b>316,811</b> |

## **11. Taxation**

The Association is a registered charity and thus the surplus generated from its charitable activities is not subject to corporation tax. No tax was due in respect of its non-charitable activities in the year (2019: £nil).

RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

| 12. Tangible fixed assets |                                       |                                         |                               |                   |                       |                                  |
|---------------------------|---------------------------------------|-----------------------------------------|-------------------------------|-------------------|-----------------------|----------------------------------|
|                           | Housing properties held for letting £ | Housing properties under construction £ | Shared ownership properties £ | Office premises £ | Investment property £ | Furniture fittings & equipment £ |
| Cost of valuation         |                                       |                                         |                               |                   |                       | Total £                          |
| As at 1 April 2019        | 26,865,010                            | 4,708,238                               | 232,004                       | 525,000           | 775,000               | 33,411,011                       |
| Additions                 | 698,967                               | 988,530                                 | -                             | -                 | -                     | 1,700,065                        |
| Disposals                 | (108,177)                             | -                                       | (25,778)                      | -                 | -                     | (133,955)                        |
| Transfer                  | 4,516,031                             | (4,516,031)                             | -                             | -                 | -                     | -                                |
| Impairment                | -                                     | -                                       | -                             | -                 | -                     | -                                |
| At 31 March 2020          | 31,971,831                            | 1,180,737                               | 206,226                       | 525,000           | 775,000               | 34,977,121                       |
| Depreciation              |                                       |                                         |                               |                   |                       |                                  |
| As at 1 April 2019        | 2,630,196                             | -                                       | 83,135                        | 63,000            | -                     | 3,058,458                        |
| Charge for year           | 707,457                               | -                                       | 3,712                         | 10,500            | -                     | 739,037                          |
| On disposals              | (21,493)                              | -                                       | (9,239)                       | -                 | -                     | (30,732)                         |
| At 31 March 2020          | 3,316,160                             | -                                       | 77,608                        | 73,500            | -                     | 3,766,763                        |
| Net Book Value            |                                       |                                         |                               |                   |                       |                                  |
| At 31 March 2020          | 28,655,671                            | 1,180,737                               | 128,618                       | 451,500           | 775,000               | 31,210,358                       |
| At 31 March 2019          | 24,234,814                            | 4,708,238                               | 148,869                       | 462,000           | 775,000               | 30,352,553                       |

£698,967 (2019: £557,717) of component replacements were capitalised in the year. All housing properties are freehold. Properties with a cost of £25,778 (2019: £nil) and accumulated depreciation of £9,239 (2019: £nil) have been disposed in the year for net proceeds of £24,901 (2019: £nil). Grants due to be repaid on these properties is £9,420 (2019: £nil) with £6,123 (2019: £nil) released from deferred Government capital grants on disposal. Components with a cost of £108,177 (2019: £138,237) and accumulated depreciation of £21,493 (2019: £30,410) have been disposed in the year. Included in housing properties held for letting is land with a carrying value of £2,891,500 (2019: £2,481,500).

The fair value as at 31 March 2020 of the investment property and office premises held totalled £1,300,000 (2019: £1,300,000). This is based on a valuation performed by D M Hall in March 2018. 59.6% of the Aspire business centre is rented out to 3<sup>rd</sup> parties and is accounted for as an investment property. The remaining 40.4% is used by the Association and is accounted for as office premises at historic (deemed) cost.

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 13. Housing stock

The number of units of housing accommodation available for let at 31 March 2020 was:

|                                 | Units in<br>management<br>2020 | Units in<br>management<br>2019 |
|---------------------------------|--------------------------------|--------------------------------|
| General needs housing           | 855                            | 818                            |
| Supported housing accommodation | 4                              | 4                              |
|                                 | <u>859</u>                     | <u>822</u>                     |
| Shared ownership accommodation  | 8                              | 9                              |
|                                 | <u>867</u>                     | <u>831</u>                     |

There are no units managed by other bodies.

### 14. Commercial units

The number of commercial units available for let at 31 March 2020 was:

|                        | Units in<br>management<br>2020<br>No. | Units in<br>management<br>2019<br>No. |
|------------------------|---------------------------------------|---------------------------------------|
| Lock ups               | 35                                    | 35                                    |
| Aspire business centre | 1                                     | 1                                     |
| Shops                  | 3                                     | 3                                     |
|                        | <u>39</u>                             | <u>39</u>                             |

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

|                                      | 2020<br>£  | 2019<br>£  |
|--------------------------------------|------------|------------|
| 15. Investment in subsidiary company |            |            |
| Shares in subsidiary company         | <u>100</u> | <u>100</u> |

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

The 2020 draft subsidiary company accounts show a profit for the year of £26,858 (2019: £38,188) and net assets of £76,833 (2019: £49,975).

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

|                                                           | 2020<br>£        | 2019<br>£        |
|-----------------------------------------------------------|------------------|------------------|
| <b>16. Debtors</b>                                        |                  |                  |
| Rental arrears                                            | 117,903          | 148,114          |
| Less: Provision for bad and doubtful debts                | (52,278)         | (52,278)         |
|                                                           | <u>65,625</u>    | <u>95,836</u>    |
| Amounts due from subsidiary                               | 345,574          | 338,546          |
| Factoring arrears                                         | 37,314           | 56,511           |
| Other debtors                                             | 39,221           | 21,566           |
| Prepayments and accrued income                            | 161,747          | 181,397          |
|                                                           | <u>649,481</u>   | <u>693,856</u>   |
| <b>17. Cash and cash equivalents</b>                      |                  |                  |
|                                                           | 2020<br>£        | 2019<br>£        |
| Balances held in current accounts                         | 1,056,966        | 887,353          |
| Balances held in deposit accounts                         | 712,791          | 708,516          |
|                                                           | <u>1,769,757</u> | <u>1,595,869</u> |
| <b>18. Creditors: amounts falling due within one year</b> |                  |                  |
|                                                           | 2020<br>£        | 2019<br>£        |
| Bank and other loans                                      | 688,342          | 2,014,771        |
| Accruals                                                  | 128,482          | 237,330          |
| Other taxation and social security                        | 18,956           | 14,528           |
| Other creditors                                           | 831,820          | 710,469          |
| Deferred Government capital grant (note 20)               | 87,699           | 36,642           |
| Housing Association grant repayable                       | 276,525          | 267,105          |
| Scottish Government loan                                  | 33,200           | -                |
|                                                           | <u>2,065,024</u> | <u>3,280,845</u> |

Included in other creditors is £25,841 (2019: £28,754) in respect of outstanding pension contributions.

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

|                                                                    | 2020<br>£         | 2019<br>£         |
|--------------------------------------------------------------------|-------------------|-------------------|
| <b>19. Creditors: amounts falling due after more than one year</b> |                   |                   |
| Bank and other loans                                               | 9,088,957         | 7,989,713         |
| Scottish Government loan                                           | 132,800           | -                 |
| Deferred Government capital grant (note 21)                        | 3,573,560         | 2,941,477         |
|                                                                    | <u>12,795,317</u> | <u>10,931,190</u> |
| Bank and other loans and Scottish Government loan analysis:        |                   |                   |
| Due between one and two years                                      | 659,880           | 479,597           |
| Due between two and five years                                     | 2,017,008         | 1,533,185         |
| Due in five years or more                                          | 6,544,869         | 5,976,931         |
|                                                                    | <u>9,221,757</u>  | <u>7,989,713</u>  |

Loans are secured by specific charges on the Association's properties and are repayable at rates between Libor + 0.5% and a fixed rate of 6.81% over the next 30 years.

The Scottish Government Loan is a public benefit concessionary loan and is repayable with no interest charged over the next 5 years.

The net book value of housing properties secured at the year-end was £18,037,197 (2019 - £18,288,388)

|                                               |                   |                   |
|-----------------------------------------------|-------------------|-------------------|
| <b>20. Deferred Government capital grants</b> | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
| <u>Housing grants</u>                         |                   |                   |
| At 1 April                                    | 2,978,119         | 1,504,524         |
| Grants received in year                       | 765,271           | 1,475,095         |
| Disposals                                     | (6,123)           | -                 |
| Released to income in year                    | (76,008)          | (1,500)           |
| At 31 March                                   | <u>3,661,259</u>  | <u>2,978,119</u>  |
| Split:                                        |                   |                   |
| Due within one year                           | 87,699            | 36,642            |
| Due between one and two years                 | 88,762            | 43,780            |
| Due between two and five years                | 266,286           | 131,341           |
| Due in five years or more                     | 3,218,512         | 2,766,356         |
| At 31 March                                   | <u>3,661,259</u>  | <u>2,978,119</u>  |

## RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

|                               | 2020<br>£ | 2019<br>£ |
|-------------------------------|-----------|-----------|
| <b>21a. Share capital</b>     |           |           |
| At beginning of year          | 129       | 215       |
| Shares issued during the year | 21        | 14        |
| Shares forfeited in year      | (5)       | (100)     |
|                               | <hr/>     | <hr/>     |
| At end of year                | 145       | 129       |
|                               | <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.

The Association has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate and CARE with a 1/80<sup>th</sup> accrual rate. These schemes are open to existing and new employees however there are no employees currently in the CARE 1/80<sup>th</sup> scheme.

During the accounting period the Association paid contributions at the rate of 12.6% of pensionable salaries. Member contributions were 12.5%. There was an additional annual employer past service deficit contribution of £173,483 (2019: £168,576) made in the year which includes £5,059 (2019: £5,059) of administration costs. The net past service deficit contribution for 2020/21 is £174,329.

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

As at the Statement of Financial Position date there were 12 (2019: 13) active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

22. Pension obligations (continued)

*Year ended 31 March 2020*

The last triennial valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £877 million. The valuation revealed a shortfall of assets compared to liabilities of £121 million, equivalent to a past service funding level of 89%.

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

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

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

At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £39,000 to recognise a liability of £689,000 as at 1 April 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**
**22. Pension obligations (continued)****Present values of defined benefit obligation, fair value of assets and defined benefit liability**

|                                                   | <b>Year ended<br/>31 March<br/>2020<br/>£'000</b> | <b>Year ended<br/>31 March 2019<br/>£'000</b> |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------|
| Fair value of plan assets                         | 5,152                                             | 5,723                                         |
| Present value of defined benefit obligation       | (5,226)                                           | (6,602)                                       |
| <b>Defined benefit liability to be recognised</b> | <b>(74)</b>                                       | <b>(879)</b>                                  |

**Reconciliation of opening and closing balances of the defined benefit obligation**

|                                                                    | <b>Year ended<br/>31 March<br/>2020<br/>£'000</b> | <b>Year ended<br/>31 March 2019<br/>£'000</b> |
|--------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|
| Defined benefit obligation at start of period                      | (6,602)                                           | (5,804)                                       |
| Current service cost                                               | (123)                                             | (113)                                         |
| Expenses                                                           | (5)                                               | (5)                                           |
| Interest expense                                                   | (141)                                             | (150)                                         |
| Actuarial (losses)/gains due to scheme experience                  | (123)                                             | (128)                                         |
| Actuarial (losses)/gains due to changes in demographic assumptions | 32                                                | (17)                                          |
| Actuarial (losses)/gains due to changes in financial assumptions   | 662                                               | (399)                                         |
| Benefits paid and expenses                                         | 1,138                                             | 78                                            |
| Contributions by plan participants                                 | (64)                                              | (64)                                          |
| <b>Defined benefit liability at the end of the period</b>          | <b>(5,226)</b>                                    | <b>(6,602)</b>                                |

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

|                                                                                  | <b>Year ended<br/>31 March<br/>2020<br/>£'000</b> | <b>Year ended<br/>31 March 2019<br/>£'000</b> |
|----------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|
| Fair value of plan assets at start of the period                                 | 5,723                                             | 5,115                                         |
| Interest income                                                                  | 122                                               | 134                                           |
| Experience on plan assets (excluding amounts included in interest income) - gain | 144                                               | 256                                           |
| Contributions by the employer                                                    | 237                                               | 232                                           |
| Contributions by plan participants                                               | 64                                                | 64                                            |
| Benefits paid and expenses                                                       | (1,138)                                           | (78)                                          |
| <b>Fair value of plan assets at end of period</b>                                | <b>5,152</b>                                      | <b>5,723</b>                                  |

**RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**22. Pension obligation (continued)**

**Defined benefit costs recognised in the Statement of Comprehensive Income**

|                                                                                  | <b>Year ended<br/>31 March<br/>2020<br/>£,000</b> | <i>Year ended<br/>31 March<br/>2019<br/>£'000</i> |
|----------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Current service cost                                                             | <b>123</b>                                        | 113                                               |
| Admin expenses                                                                   | <b>5</b>                                          | 5                                                 |
| Net interest expense                                                             | <b>19</b>                                         | 16                                                |
|                                                                                  | <hr/>                                             | <hr/>                                             |
| <b>Defined benefit costs recognised in Statement of<br/>Comprehensive Income</b> | <b>147</b>                                        | 134                                               |
|                                                                                  | <hr/>                                             | <hr/>                                             |

**Defined benefit costs recognised in Other Comprehensive Income**

|                                                                                                                              | <b>Year ended<br/>31 March<br/>2020<br/>£,000</b> | <i>Year ended<br/>31 March<br/>2019<br/>£'000</i> |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Experience on plan assets (excluding amounts included in net<br>interest cost – gain)                                        | 144                                               | 256                                               |
| Experience gains and losses arising on the plan liabilities – gain                                                           | (123)                                             | (128)                                             |
| Effects of changes in the demographic assumptions underlying<br>the present value of the defined benefit obligation – (loss) | 32                                                | (17)                                              |
| Effects of changes in the financial assumptions underlying the<br>present value of the defined benefit obligation – (loss)   | 662                                               | (399)                                             |
|                                                                                                                              | <hr/>                                             | <hr/>                                             |
| <b>Total amount recognised in other comprehensive income –<br/>(loss)</b>                                                    | <b>715</b>                                        | (288)                                             |
|                                                                                                                              | <hr/>                                             | <hr/>                                             |

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 22. Pension obligation (continued)

#### Fund allocation for employer's calculated share of asset

|                               | Year ended<br>31 March<br>2020<br>£,000 | Year ended<br>31 March<br>2019<br>£'000 |
|-------------------------------|-----------------------------------------|-----------------------------------------|
| Liability Driven Investment   | 1,357                                   | 2,036                                   |
| Global Equity                 | 709                                     | 921                                     |
| Absolute Return               | 316                                     | 485                                     |
| Corporate Bond Fund           | 377                                     | 401                                     |
| Alternative Risk Premia       | 413                                     | 320                                     |
| Infrastructure                | 304                                     | 240                                     |
| Secured Income                | 286                                     | 200                                     |
| Emerging Markets Debt         | 183                                     | 183                                     |
| Risk Sharing                  | 163                                     | 166                                     |
| Insurance-Linked Securities   | 138                                     | 148                                     |
| Over 15 Year Gilts            | 65                                      | 147                                     |
| Property                      | 96                                      | 114                                     |
| Credit Relative Value         | 124                                     | 99                                      |
| Distressed Opportunities      | 94                                      | 98                                      |
| Private Debt                  | 102                                     | 74                                      |
| Opportunistic Illiquid Credit | 125                                     | -                                       |
| Liquid Credit                 | 135                                     | -                                       |
| Long Lease Property           | 126                                     | 69                                      |
| Fund of Hedge Funds           | -                                       | 16                                      |
| Net Current Assets            | 39                                      | 6                                       |
| <b>Total Assets</b>           | <b>5,152</b>                            | <b>5,723</b>                            |

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

| Assumptions as at                                           | 31 March 2020<br>% per annum |
|-------------------------------------------------------------|------------------------------|
| Discount rate                                               | 2.38%                        |
| Inflation (RPI)                                             | 2.62%                        |
| Inflation (CPI)                                             | 1.62%                        |
| Salary growth                                               | 2.62%                        |
| Allowance for commutation of pension for cash at retirement | 75% of Maximum Allowance     |

**RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020****22. Pension Obligation (continued)**

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

|                         | Life expectancy<br>at age 65<br>(years) |
|-------------------------|-----------------------------------------|
| Male retiring in 2020   | 21.5                                    |
| Female retiring in 2020 | 23.2                                    |
| Male retiring in 2040   | 22.8                                    |
| Female retiring in 2040 | 24.5                                    |

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long-term rates of 1.25% p.a. for males and 1% p.a. for females.

**Member data summary****Active members**

|              | Number    | Total earnings<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|-----------|---------------------------------|-----------------------------|
| Males        | 5         | 253                             | 55                          |
| Females      | 8         | 280                             | 52                          |
| <b>Total</b> | <b>13</b> | <b>533</b>                      | <b>53</b>                   |

**Deferred members**

|              | Number   | Deferred pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|----------|------------------------------------|-----------------------------|
| Males        | -        | -                                  | -                           |
| Females      | 2        | 8                                  | 46                          |
| <b>Total</b> | <b>2</b> | <b>8</b>                           | <b>46</b>                   |

**Pensioners**

|              | Number   | Pensions<br>(£'000s p.a.) | Average age<br>(unweighted) |
|--------------|----------|---------------------------|-----------------------------|
| Males        | -        | -                         | -                           |
| Females      | 9        | 73                        | 64                          |
| <b>Total</b> | <b>9</b> | <b>73</b>                 | <b>64</b>                   |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**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 2019. As of this date the estimated employer debt for the Association was £4,041,770.

**Defined contribution scheme**

The Association participates in the SHAPS Defined Contribution scheme following the auto-enrolment date of May 2017. Employee contributions to this scheme are 5% and employer contributions to this scheme are 10%. At 31 March 2020 there were 5 members in the Defined Contribution scheme (2019: 5).

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

|                                            | 2020<br>£        | 2019<br>£        |
|--------------------------------------------|------------------|------------------|
| <b>23. Capital commitments</b>             |                  |                  |
| Contracted but not provided                | <u>1,143,921</u> | <u>2,069,453</u> |
| The above commitments will be financed by: |                  |                  |
|                                            | 2020<br>£        | 2019<br>£        |
| Private finance                            | 1,064,398        | 1,224,654        |
| Government grants                          | <u>79,523</u>    | <u>844,799</u>   |
|                                            | <u>1,143,921</u> | <u>2,069,453</u> |
|                                            | 2020<br>£        | 2019<br>£        |
| Committed but not contracted for           | <u>-</u>         | <u>-</u>         |

## 24. Operating lease commitments

The Association's annual commitments for rental payments under non-cancellable operating leases at 31 March 2020 were set out below:

|                              | 2020<br>Office<br>Equipment<br>£ | 2019<br>Office<br>Equipment<br>£ |
|------------------------------|----------------------------------|----------------------------------|
| Total commitment due within: |                                  |                                  |
| Within one year              | 17,048                           | 15,295                           |
| Between one and two years    | 13,432                           | 7,625                            |
| Between two to five years    | <u>23,320</u>                    | <u>4,560</u>                     |
|                              | <u>53,800</u>                    | <u>27,480</u>                    |

## 25. Legislative provisions

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

# RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

|                                                                             | 2020<br>£        | 2019<br>£        |
|-----------------------------------------------------------------------------|------------------|------------------|
| <b>26. Net cash flow from operating activities</b>                          |                  |                  |
| Surplus for the year                                                        | 428,996          | 308,655          |
| <i>Adjustments for non-cash items:</i>                                      |                  |                  |
| Depreciation of housing properties including loss on disposal of components | 797,853          | 697,201          |
| Depreciation of property, plant and equipment                               | 27,868           | 24,879           |
| Impairment of investment property                                           | -                | 6,470            |
| Carrying value of disposed assets                                           | 16,539           | -                |
| HAG repayable on disposal of property                                       | 9,420            | -                |
| Decrease/(increase) in debtors                                              | 44,375           | (52,281)         |
| Increase/(decrease) in creditors                                            | 16,931           | 229,196          |
| SHAPS deficit movements                                                     | -                | -                |
| SHAPS current service cost and expense                                      | 64,483           | 65,517           |
| Amortised grant included in gain on sale                                    | -                | -                |
| <i>Adjustments for investing and financing activities:</i>                  |                  |                  |
| Proceeds from the sale of property, plant and equipment                     | (24,901)         | -                |
| Interest payable                                                            | 295,672          | 300,811          |
| Interest received                                                           | (13,139)         | (5,882)          |
| Release of deferred capital government grant - revenue                      | (76,008)         | (1,500)          |
| SHAPS deficit contribution paid                                             | (173,483)        | (163,517)        |
| Forfeited share capital                                                     | (5)              | (100)            |
| Release of deferred capital government grant – disposal of property         | (6,123)          | -                |
|                                                                             | <u>1,408,478</u> | <u>1,409,449</u> |

## 27. Related party transactions

### Aspire Community Development Company Limited

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

The Association rented out rooms from the Caledonia Centre, owned by Aspire in the year at a cost of £5,000 (2019: £5,000).

During the year, management charges of £500 (2019: £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 £3,100 (2019: £3,100) and were recharged in the year.

During the year £nil (2019: £20,000) was transferred to the Association by Aspire to pay the intercompany debt.

Interest of £8,428 was charged in respect of the balances outstanding (2019: £8,804).

At the year-end £345,574 was owed by Aspire to the Association and is included within debtors (2019: £338,546).

## RUTHERGLEN AND CAMBUSLANG HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 27. Related party transactions (continued)

##### Management Committee

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £3,723 (2019: £6,625). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £nil (2019: £nil). The total rent paid in advance of the year end was £457 (2019: £404).

Two Management Committee members own properties which are factored by the Association. Factoring charges for Committee members were £815 (2019: £810). There were arrears of £nil (2019: £21) at the year end. There were payments in advance at the year-end of £62 (2019: £nil).