

## Annual Return (AR30) form

Society Name: Rutherglen and Cambuslang Housing Association Limited

Society Num: 2029 RS

An Annual Return must be completed by all societies registered under the Co-operative and Community Benefit Societies Act 2014 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1965) or the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 ('the Act') (including any societies previously registered under the Industrial and Provident Societies Act 1969). The Annual Return must include:

- this form;
- a set of the society's accounts; and
- where required, an audit report or report on the accounts.

A society must submit the Annual Return within 7 months of the end of the society's financial year. Failure to submit on time is a prosecutable offence.

Please note that this form, including any details provided on the form, will be made available to the public through the Mutuels Public Register: <https://mutuals.fca.org.uk>. Our privacy notice explains how and why we use personal data: <https://www.fca.org.uk/privacy>.

For guidance on our registration function for societies, which includes guidance on the requirement to submit an Annual Return, please see here: <https://www.handbook.fca.org.uk/handbook/R FCCBS>

2.1 What date did the financial year covered by these accounts end?

31/03/2023

3.1 Please provide the names of the people who were directors of the society during the financial year this return covers.

Some societies use the term 'committee member' or 'trustee' instead of 'director'. For ease of reference, we use 'director' throughout this form.

**Name of Director**

**Month of Birth**

**Year of Birth**

Edward Harkins

Aug

1950

Robert McLeary

Jun

1946

Gary Gow	Jun	1979
Karen McCartney	May	1960
Mary Ellen McKeown	Jun	1950
Frances Cunningham	Dec	1973
Eveline Thompson	Aug	1942
Natalie Kirk	Dec	1982
Karen Kirk	Jul	1978
Jean Stewart	Mar	1947
Christine McPhail	Mar	1954
Geraldine Baird	Sep	1950

3.2 All directors must be 16 or older. Please confirm this is this case:

All directors are aged 16 or over

3.3 Societies are within the scope of the Company Director Disqualification Act 1986 (CDDA). Please confirm that no director is disqualified under that Act:

No director is disqualified

3.4 Please state any close links which any of the directors has with any society, company or authority.

'Close links' includes any directorships or senior positions held by directors of the society in other organisations.

Mary Ellen McKeown, Robert McLeary and Edward Harkins are Directors of Aspire Community Development Company Limited which is a subsidiary of Rurtherglen and Cambuslang Housing Association Limited.

3.5 Please provide the name of the person who was secretary at the end of the financial year this return covers.

Societies must have a secretary

**Name of Secretary**

**Month of Birth**

**Year of Birth**

Robert McLeary

Jun

1946

**4.1 Please confirm that:**

- accounts are being submitted with this form
- the accounts comply with relevant statutory and accounting requirements
- the accounts are signed by two members and the secretary (3 signatures in total)

4.2 Based on the accounts, please provide the information requested below for the financial year covered by this return.

**Number of members**

157

**Turnover**

4,484,362

**Assets**

34,094,086

**Number of Employees**

21

**Share Capital**

157

**Highest rate of interest paid on shares**

0

4.3 What Standard Industrial Classification code best describes the society's main business?

Where more than one code applies, please select the code that you feel best describes the society's main business activity. You will find a full list of codes [here](#)

**SIC Code**

**Renting and operating of Housing Association  
real estate (68201)**

\*

Societies are required to appoint an auditor to audited unless they are small or have disapplied this requirement. For further guidance see chapter 7 of our guidance:

<https://www.fca.org.uk/publication/finalised-guidance/fg15-12.pdf>

5.1 Please select the audit option the society has complied with:

- Full Professional Audit
- Auditor's report on the accounts
- Lay Audit
- No audit

5.2 Please confirm the audit option used by the society is compliant with the society's own rules and the Act

We have complied with the audit requirements

5.3 Please confirm any audit report (where required) is being submitted with this Annual Return

- Yes
- Not applicable

5.4 Is this society accepted by HM Revenue and Customs (HMRC) as a charity for tax purposes?

- Yes
- No

5.5 If the society is registered with the Office of the Scottish Charity Regulator (OSCR) please provide your OSCR registration number.

- Registered
- Not applicable

OSCR Number

SC041992



SC199308

Aspire Community Developm

FCA approval has been received to exclude from group accounts because the turnover of the subsidiary is immaterial to the parent.

All societies are registered meeting one of two conditions for registration. These are that the society is either:

- a bona fide co-operative society ('co-operative society'); or
- are conducting business for the benefit of the community ('community benefit society').

You must answer the questions set out in in the next section of this form, depending on which condition for registration you meet.

If you are not sure which condition for registration applies to the society please see chapters 4 and 5 of our guidance [here](#) .

### 7.1 Condition for Registration

- Co-operative society
- Community Benefits society

Community benefit societies must answer the following questions in relation to the financial year covered by this return.

#### 7B.1 What is the business of the society?

For example, did you provide social housing, run an amateur sports club etc.

To provide good quality affordable housing for rent and home ownership and maintain quality through appropriate long-term investment.

#### 7B.2 Please describe the benefits to the community the society delivered?

Here we are looking to see what the benefits to the community were. Community can be said to be the community at large. For example, did you relieve poverty or homelessness through the provision of social housing.

The provision of good quality affordable and well-maintained housing for rent and home ownership.

7B.3 Please describe how the society's business delivered these benefits?

The business of the society must be conducted for the benefit of the community. Please describe how the society's business (as described in answer to question 7B.1) provided benefit to the community.

Through the provision of good quality housing management services and long term investment in the housing stock.

7B.4 Did the society work with a specific community, and if so, please describe it here?

For instance, were the society's activities confined to a specific location; or to a specific group of people? Please note that in serving the needs of any defined community, the society should not inhibit the benefit to the community at large.

The Society is a community-based Housing Association which builds and manages housing for people in housing need in the communities of Rutherglen and Cambuslang.

7B.5 What did the society do with any surplus or profit?

For instance, did you pay a dividend to members (and if so, on what basis); did money get reinvested in the business; put into reserves; used for some other purpose?

Surpluses are set aside to fund planned component replacements within our properties in line with our life cycle costings and 30-year plan.

7B.6 Please state any significant commercial arrangements that the society has, or had, with any other organisation that could create, or be perceived as creating, a conflict of interest.

Please tell us how you ensured that any such conflict of interest did not prevent the society from acting for the benefit of the community.

None.





6/3/12 Jim  
HM Revenue  
& Customs

PAF  
Charities  
St John's House  
Merton Road  
Liverpool  
L75 1BB

The Charity Official  
Rutherglen And Cambuslang Housing Association

www.hmrc.gov.uk

Date 13 October 2011  
Our Ref CR62724  
Your Ref

Dear Sir/Madam

**Rutherglen And Cambuslang Housing Association.**

On the basis of the information provided, we have accepted your charity under our reference CR62724 with effect from 24 December 2010.

We have noted you as the authorised official who will sign the claim forms on behalf of the charity. This can be changed by completing a Chv1 form.

For tax purposes Rutherglen And Cambuslang Housing Association is a charitable company.

**What you need to do**

- Keep this letter safe. It is the charity's evidence that it can claim the available tax exemptions.
- Pass it on to any successor and ask them to notify us of the change of authorised official on form ChV1, which is available from our website.
- Use form ChV1 to notify us of any changes to the charity. This includes changes in nominees, a change of name or changes to banking details.

**Gift Aid**

All the forms you need to reclaim Gift Aid are available on our website along with detailed guidance on the Gift Aid scheme. Claims for repayment must be made within 4 years of the end of the tax year, or company accounting period, in which the Gift Aid donations were received. We cannot make repayments on claims that are received outside that time limit.



CT  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

Dear Sirs / Madams,

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of Rutherglen and Cambuslang Housing Association ('the Association') financial statements for the year ended 31 March 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

#### **GENERAL**

1. We have fulfilled our responsibilities as the Management Committee, as set out in the terms of your engagement letter under the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010, the Determination of the Accounting Requirements 2019 and the Housing SORP 2018 Statement of Recommended Practice for Social Housing Providers, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the Association have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the Association, and with all other records and related information requested, including minutes of all Management Committee meetings and correspondence with the Association's regulatory body.

#### **ADJUSTMENTS & DISCLOSURES**

4. The financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole (see appendix 1 for details of such uncorrected misstatements).
6. We have reviewed and approved all disclosures made in the financial statements and we are not aware of any other matters which require disclosure in order to comply with the requirements of United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), the Determination of Accounting Requirements 2019 or the Housing SORP 2018 Statement of Recommended Practice for Social Housing Providers.

#### **INTERNAL CONTROL AND FRAUD**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
8. We have disclosed to you all instances of known or suspected fraud affecting the Association involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
9. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the Association's financial statements communicated by current or former employees, analysts, regulators or others.

#### **ASSETS AND LIABILITIES**

10. The Association has satisfactory title to all assets and there are no liens or encumbrances on the Association's assets, except for those that are disclosed in the notes to the financial statements.
11. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
12. Housing stock is stated at £31.4m (depreciated cost). The Management Committee is not aware of any event which would indicate that there has been impairment in this value.
13. Investment properties are stated at £935k (value). The Management Committee is not aware of any event which would indicate that there has been impairment in this value.
14. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
15. We have not breached any covenants which might affect any outstanding loans.





#### **ACCOUNTING ESTIMATES**

16. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

#### **LEGAL CLAIMS**

17. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

#### **LAWS AND REGULATIONS**

18. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

#### **RELATED PARTIES**

19. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

#### **SUBSEQUENT EVENTS**

20. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

#### **GOING CONCERN**

21. We believe that the Association's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Association's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the Association's ability to continue as a going concern need to be made in the financial statements.

#### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

22. We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

23. Each member of the Management Committee has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully,

[Redacted signature area]

Robert McLeary  
Company Secretary  
Signed on behalf of the Management Committee

8 August 2023



**Appendix 1 – Uncorrected Misstatements**

Journal Detail	SOCl		SOFP		Impact on SOCl
	Debit	Credit	Debit	Credit	
<b>1 – Correction of Omitted Accrual</b>					
Professional Fees	£5,760	-	-	-	£5,760
Accruals and deferred income	-	-	-	£5,760	-



Rutherglen and Cambuslang  
Housing Association Limited  
Aspire Community  
Development Company Limited  
Audit Summary Report

For the year ended 31 March 2023

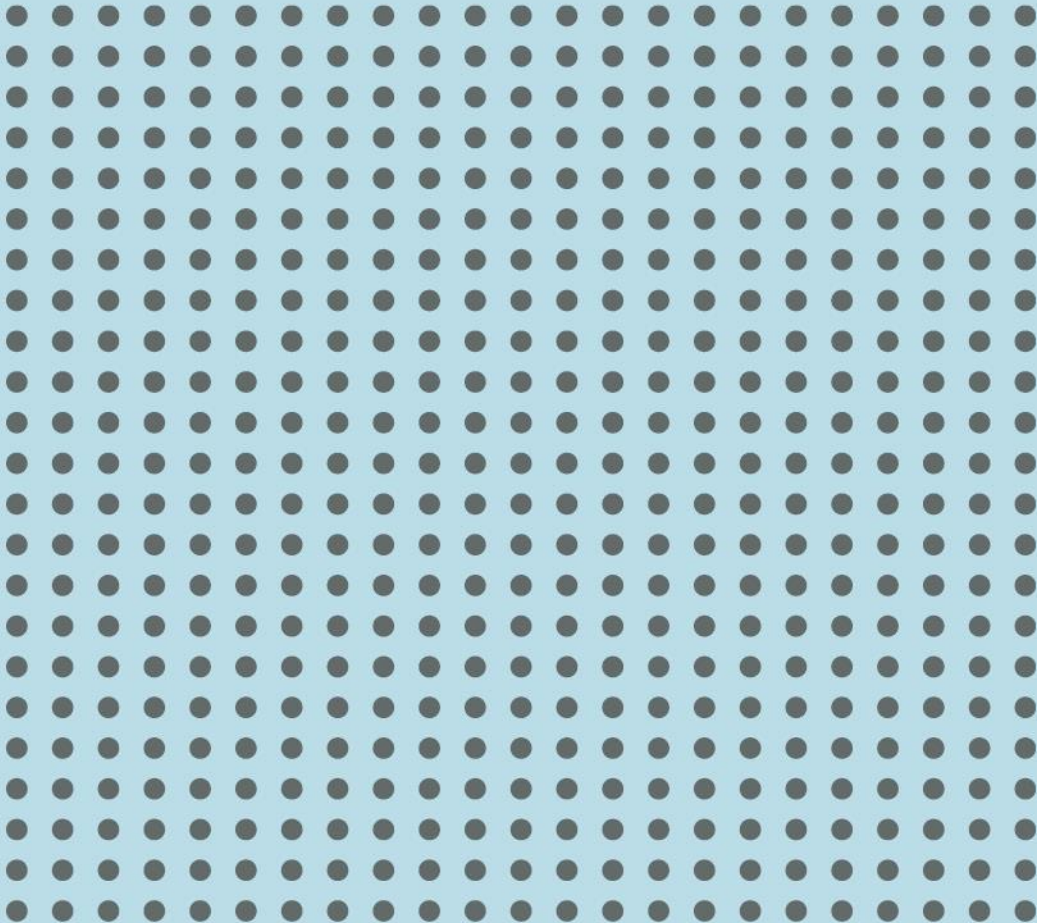



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# • Limitations of this Report





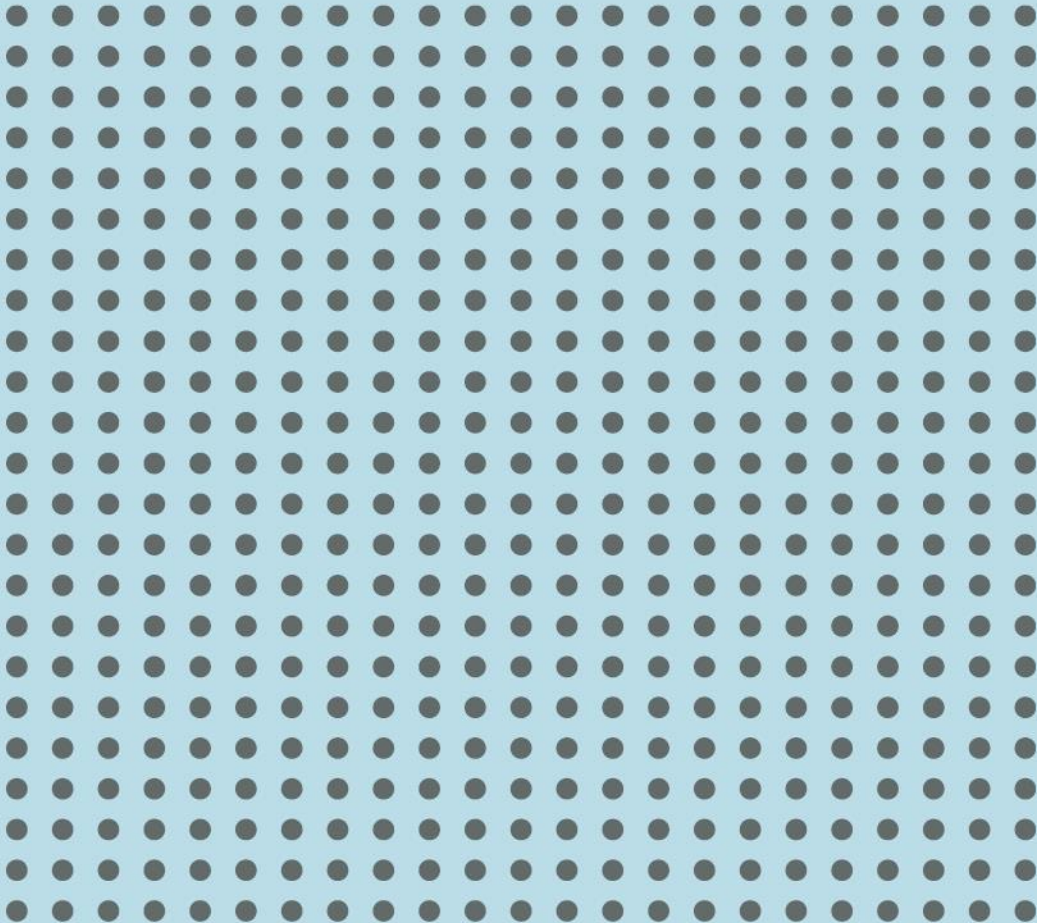
This report refers only to material matters we have identified from our audit of the financial statements of Rutherglen and Cambuslang Housing Association Limited and Aspire Community Development Company Limited ('The Group'), for the year ended 31 March 2023, that we think merit being brought to your attention. The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of the group.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. We draw your attention to the fact that management are responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as a Committee and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.



# : Executive Summary



# Introduction

The purpose of this report is to highlight the key issues affecting the preparation of the group's financial statements for the year ended 31 March 2023. It is also used to report to management matters arising from our audit work and to meet the mandatory requirements of International Standard on Auditing (UK) 260 – *Communication with those charged with governance*.

## Changes to our audit plan

In the conduct of our audit, we have not had to alter or change our audit plan, which we communicated to you in our Audit Planning Document dated March 2023.

## Status of the audit

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Obtaining and reviewing the group's letters of representation
- Updating our post balance sheet events review to the date of signing the financial statements

## Audit adjustments

The audit adjustments are discussed in the 'Audit Adjustments' section of this document.

## Control matters

The Group's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of financial control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the Committee.

Please see the 'Internal Control' section of this document for issues noted in the current year that we would wish to bring to your attention.

Matters arising from the financial statements audit and any recommendations have been discussed with senior management.



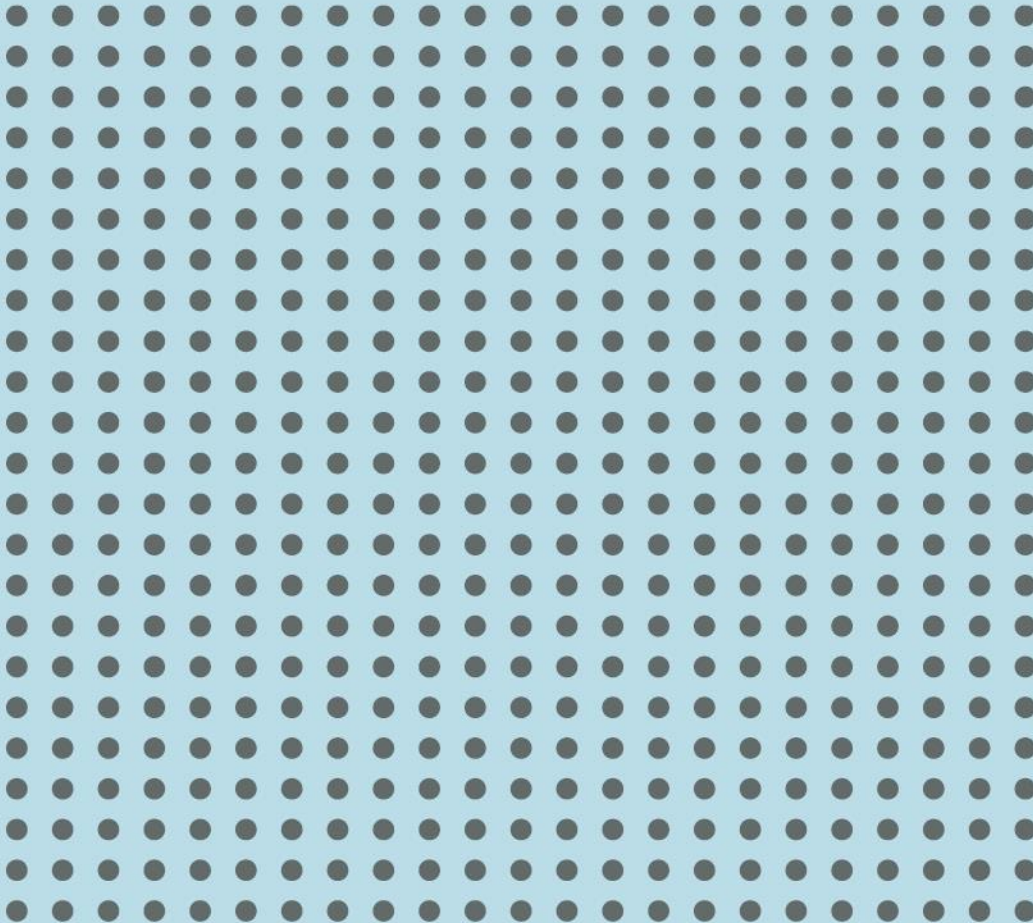
# Financial statements opinion

We propose to give an unqualified opinion on the financial statements of the Association and its subsidiary.

# Appreciation

We would like to take the opportunity to record our appreciation for the assistance provided by your finance team and FMD during our audit.

# Accounting and Audit Risks and Responses



# Accounting and audit risks and responses

## Issues identified at planning stage

As noted in our Audit Planning Document submitted to the Board, the following audit risk areas in respect of the financial statements being materially misstated were identified as significant matters and therefore were considered in detail during our audit fieldwork.

## Business risks

Risk and audit response	Resolution
<p><u>Risk</u> Future strategic plans and their impact on going concern and operations including:</p> <ul style="list-style-type: none"><li>○ Housing development plans and tenure type;</li><li>○ Funding requirements and availability and cost thereof; and</li><li>○ Plans for future support services.</li></ul>	<p>We have reviewed the budget for 2023/24 and the 5-year forecast. We are satisfied that the assumptions that these are based on are reasonable and that suitable variance analysis has been undertaken. We have also reviewed the loan covenant calculations and note that whilst there does not appear to be a breach in the forthcoming year, these should continually be stress tested in relation to increasing cost inflation.</p>
<p><u>Response</u> We shall review strategic business plans and budget forecasts. We will also assess the assumptions within the forecasts to ensure that these appear reasonable and prudent.</p>	<p>Based on the above we are satisfied that the Association has sufficient reserves to continue to meet obligations as they fall due.</p>
<p><u>Risk</u> Consideration of Governance and risk assessment and management.</p>	<p>We have reviewed the governance framework, including internal audit reports and any reports from regulatory authorities. We are satisfied that there is an appropriate governance structure in place, as well as an appropriate risk assessment structure implemented; which is well managed.</p>
<p><u>Response</u> We will review the governance framework, including internal audit reports and any reports from regulatory authorities and discuss these with the senior management team.</p>	

## Audit risks

Risk and audit response	Resolution
<p><u>Risk</u> Recoverability of rent and other tenant arrears.</p> <p><u>Response</u> Review doubtful debt provision for adequacy against the age profile of debts and the results of post year end testing on debt recoverability.</p>	<p>Debtors received post year end were tested and tenant rent arrears were reviewed at the year end. We have also reviewed the doubtful debt provision and considered it to be consistent with the prior year and in line with the Associations policy. We are satisfied that no further provision is required in relation to bad debts.</p>
<p><u>Risk</u> Existence, ownership and valuation of housing stock.</p> <p><u>Response</u> Obtain title deed certification and review results of stock valuation reports, and consider if there are any indications of impairment.</p>	<p>We are satisfied that there are no indications of impairment within the housing stock from our testing. Furthermore, we discussed this with management who also confirmed that they were not aware of any issues in relation to impairment of the housing stock.</p> <p>In addition, we have confirmed title to a sample of the properties held by the Association.</p>
<p><u>Risk</u> Completeness of borrowings and compliance with bank funding covenants.</p> <p><u>Response</u> Verification to third party confirmation and review reports monitoring compliance with covenants during the year.</p>	<p>The completeness of borrowing has been tested with no matters arising.</p> <p>We are satisfied from our review that bank covenants continue to be complied with during the year.</p>
<p><u>Risk</u> Completeness of income and revenue cycle controls.</p> <p><u>Response</u> Perform analytical review procedures and completeness testing on the rent accounting system. Agree key sources of non-rental income to third party agreements.</p>	<p>We are satisfied that income has not been materially misstated in the financial statements from audit work completed. The procedures and controls were reviewed, and income appears to have been allocated appropriately. Additionally, substantive testing was carried out with no issues arising.</p>

**Risk**  
Accounting and disclosure in respect of subsidiary company.

**Response**  
We will review inter-company balances to ensure they are reconciled appropriately. The financial statements of each entity will be reviewed to confirm they have been prepared with correct disclosures.

We are satisfied from our review of the financial statements of each entity that these comply with all relevant legislation. Disclosures are accurate, and inter-company balances reconcile appropriately.

**Risk**  
Component accounting – impact of ongoing capitalisation and depreciation of components.

**Response**  
We will discuss with the management the current useful economic lives of components and whether these remain accurate. A sample of component additions and disposals in the year will be tested and a review of depreciation calculations along with any impairments.

The current useful economic lives of components were reviewed and discussed with management and we are satisfied that these remain accurate.

A sample of component additions and disposals were tested and we are satisfied that these have been recorded accurately within the financial statements.

**Risk**  
Fraud/management override. We have a duty under ISAs to consider and assess the risk of fraud/management override impacting each of our clients.

**Response**  
We will ask the Board and management for their assessment of fraud/management override risk. We will also seek confirmation of any fraud that may have arisen during the year.

We reviewed and tested the Association’s systems and are satisfied that there are sufficient controls and procedures in place to identify and mitigate the risk of material fraud. Our testing did not identify any instances of fraud or management override during the year.

Furthermore, we used our audit data analytic software to perform testing on the journal entries posted throughout the year. The results of the data analytics are attached in the appendix.

●  
●

Risk

Completeness of related party disclosure within the financial statements. Under the clarified ISAs we are required to consider the susceptibility to material misstatement due to fraud or error resulting from related party relationships and transactions.

Response

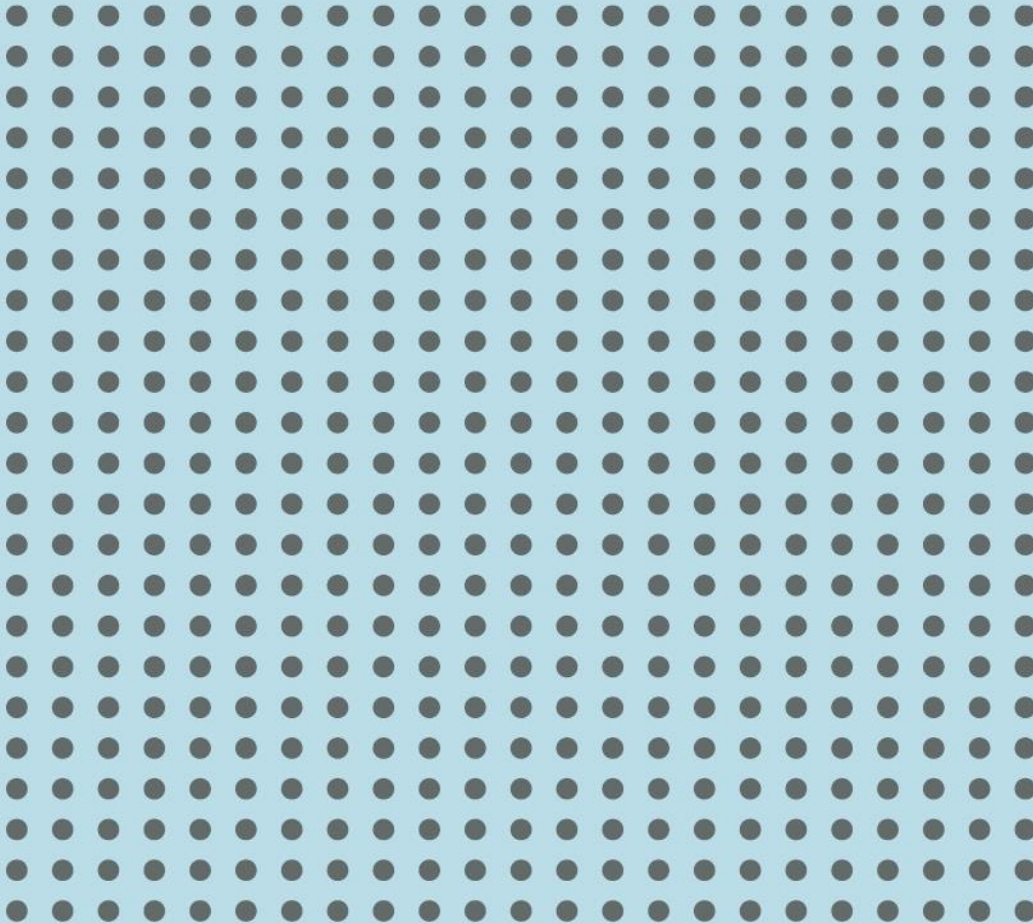
Related party disclosures will be reviewed for reasonableness as well as confirming with management that there have been no omissions from the financial statements.

On review of related party disclosures, we are satisfied they are reasonable and complete. The related party transactions were found to be in compliance with the ISAs.

In addition to our review, we discussed the possibility of undisclosed related party transactions with management. No further material related party transactions were identified for disclosure.



# Issues Arising During the Audit



# Issue arising during the audit

During the course of our audit work we noted the following issues that we wish to bring to your attention:

Issue	Resolution
<b>Pensions Movement</b> The latest pension valuation has resulted in an increase in the liability due by the Association at the year end. Per the financial statements the pensions liability due in more than one year has increased from £31k to £186k.	We are satisfied that the movement in the pension liability has been accounted for and disclosed accurately within the financial statements.
<b>Other activities</b> The Association's financial statements (per note 4) show that a deficit has been made on Commercial and Factoring Activities. There is a risk that the Association's resources are being utilised by non-core activities.	We understand that the continued deficit on the factoring service will be reviewed in the forthcoming year in terms of cost allocation and the pricing of the service. We also note that the loss on the commercial activity relates to one shop that is being held as a storage facility for furniture etc that can be requested by tenants.
<b>Deed of covenant</b> We understand that at present, no deed of covenant exists between the Association and the subsidiary company. If the subsidiary were to be in a position of making a gift aid distribution to the Association, then a deed of covenant would need to be in place in order to accrue the distribution in the financial statements.	We would be happy to provide a deed of covenant template to facilitate this.
<b>Treasury Management</b> We noted on review of the Association's financial statements that it has over £2m held in bank accounts.	We note that the interest received on the sums held in bank accounts is minimal, so we would encourage management to review and consider their treasury management policy in order to gain the best returns available, given the increasing interest rates we are experiencing.

### **Sustainability reporting**

Every organisation has a social and environmental impact on the community. It is therefore beginning to become commonplace for organisations to report on this impact and the measures that they have implemented to reduce it.

At present, there is no requirement for the 2023 financial statements to disclose any information in relation to sustainability. However, we anticipate that this will become a requirement in future years.

### **GDPR**

Whilst the regulations of GDPR have been in operation now for some time we would recommend that an annual update on these is given to the Committee.

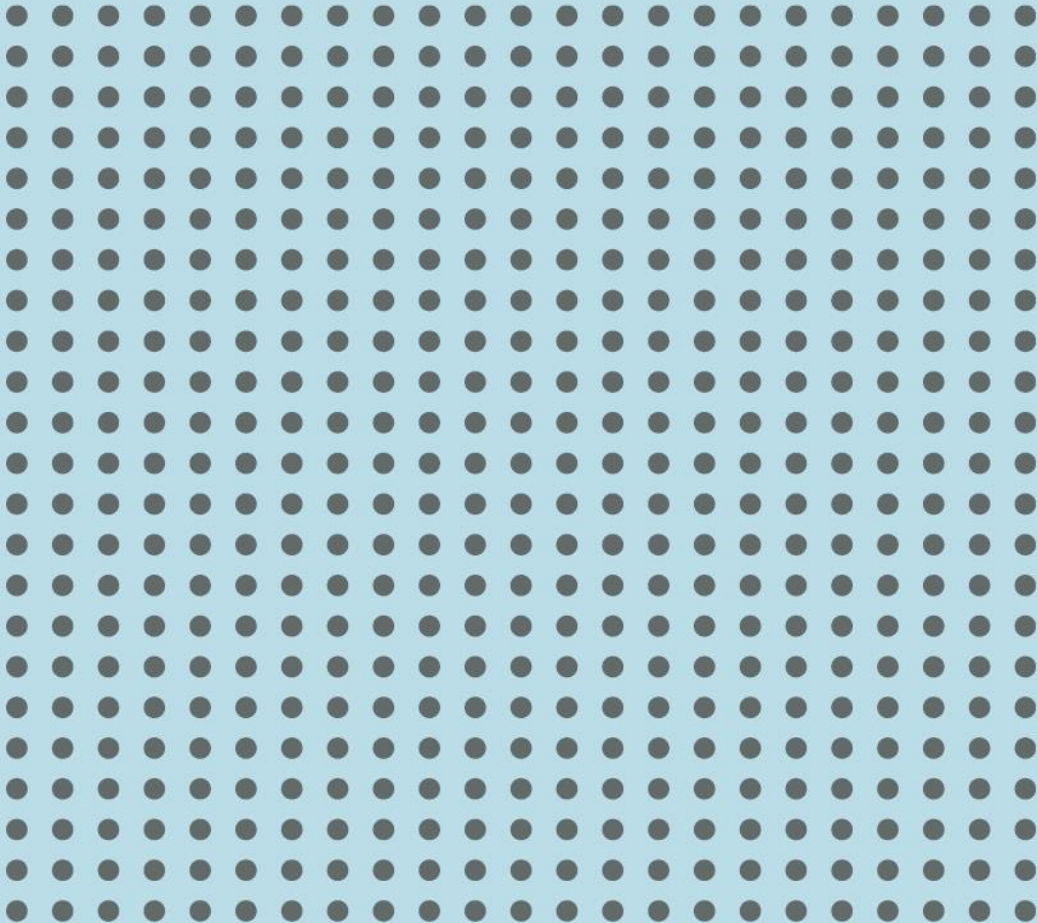
Whilst we did not identify any issues with GDPR regulations and that there have been no breaches, we recommend that an annual report is provided to the Committee confirming compliance procedures.



## Forthcoming developments

We enclose a copy of our Technical Developments briefing document which we hope will be of interest to you. If you have any questions regarding any of the content please do not hesitate to contact us.

# • Internal Control



# Internal Control

## Weakness and governance issues arising during the audit

We have set out below areas of accounting and internal control weakness that we consider should be brought to the attention of the Board which arose as a result of our audit work. This does not constitute a comprehensive statement of weaknesses that may exist in internal controls or of all improvements which may be made.

### Definition of priorities

High	Issues subjecting the organisation to material risk which should be addressed as a matter of priority.
Medium	Issues subjecting the organisation to actual or potential significant risk.
Low	Matter which, if addressed, will enhance efficiency and effectiveness.

## Issues arising

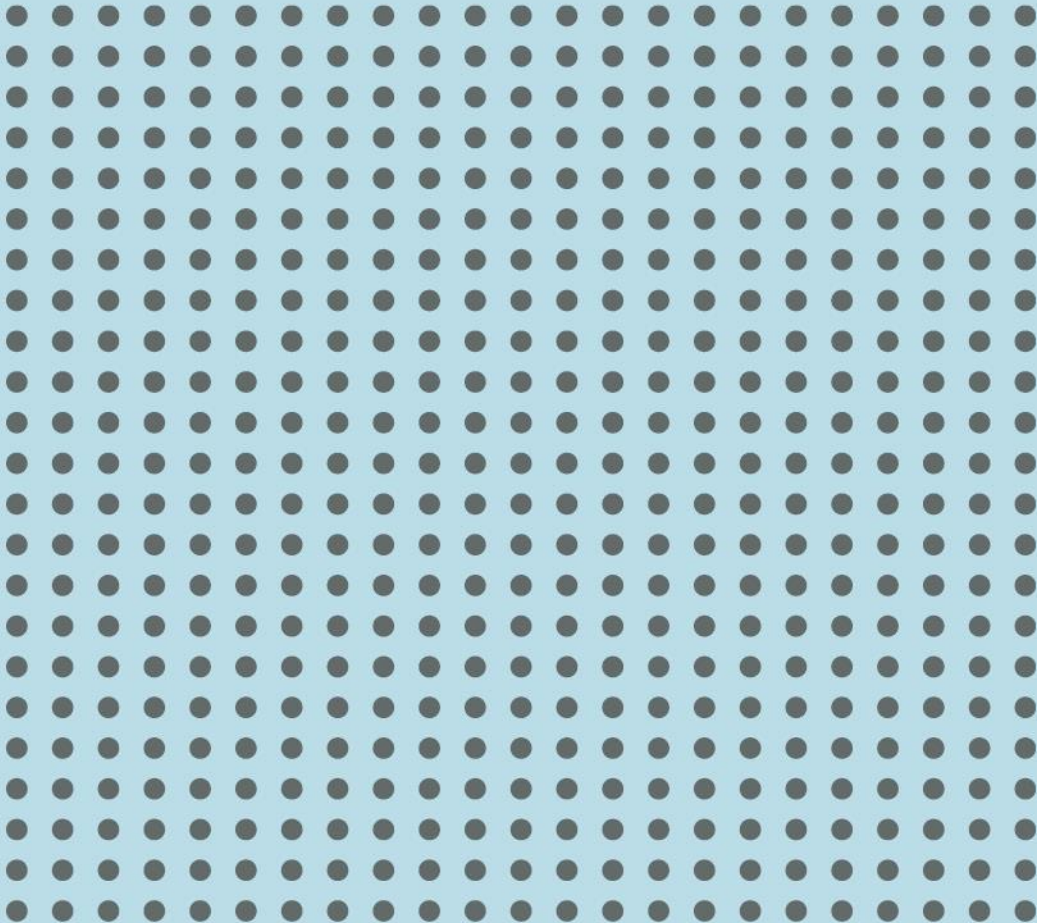
Issues arising	
Issue 1 – Reconciliations	
Observation	During the audit fieldwork we noted that, due to staffing issues, reconciliations such as rental reconciliations had not been completed in earlier months of the year. However, these were subsequently completed by FMD in later months.
Priority	Medium
Risk and Recommendation	If rent, bank and payroll reconciliations are not regularly completed there is a risk that the accounting data does not accurately reflect the actual position. We would therefore recommend that reconciliations on the above noted items are completed each month.
Management response	There was a delay in the preparation of some monthly reconciliations at the start of the 2022-23 financial year due to unexpected staff turnover in the Finance Team. This issue was known by the Association and their Finance Agent who resolved the issue towards the end of 2022. The resolution took the form of FMD Financial Services Limited preparing all the monthly reconciliations since this time to April 2023. Following the end of the financial year, the monthly reconciliations have been prepared by a combination of the Finance Agent and the new

	<p>Finance Assistant. The Finance Assistant has been trained on and is completing some of the monthly reconciliations, with further training to follow on the remainder of the reconciliations which can be delegated to the Finance Assistant, meaning that the preparation of this work is being brought back in-house with FMD reviewing those reconciliations.</p>
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Issues arising	
Issue 2 – Payroll reports	
Observation	<p>From our sample testing on payroll reports we noted that two of these reports were not signed off on a timely basis due to key staff not being available to complete this.</p>
Priority	<p>Low</p>
Risk and Recommendation	<p>If payroll reports are not formally reviewed and authorised before payment is made, then there is a risk that incorrect amounts are being issued. We would recommend that internal control policies are updated to state which members of the management team can authorise financial transactions if certain members of staff are absent.</p>
Management response	<p>There was a delay in the approval of some payroll reports during the 2022-23 financial year as a result of the Director being on bereavement leave. This situation has been resolved in practice following the return of the Director from this leave and the Deputy Director taking on additional responsibilities, both of which have led to all payroll reports now being signed off on time. The Association will also ensure that procedures are formalised in writing to ensure payroll reports are signed off timeously by another member of the in-house Senior Management Team in the absence of the Director.</p>



# • Audit Adjustments





# Audit adjustments

## Impact of audit adjustments made

There were a number of presentational and disclosure changes which arose during the course of our audit and, as agreed with you, these have been reflected in the financial statements.

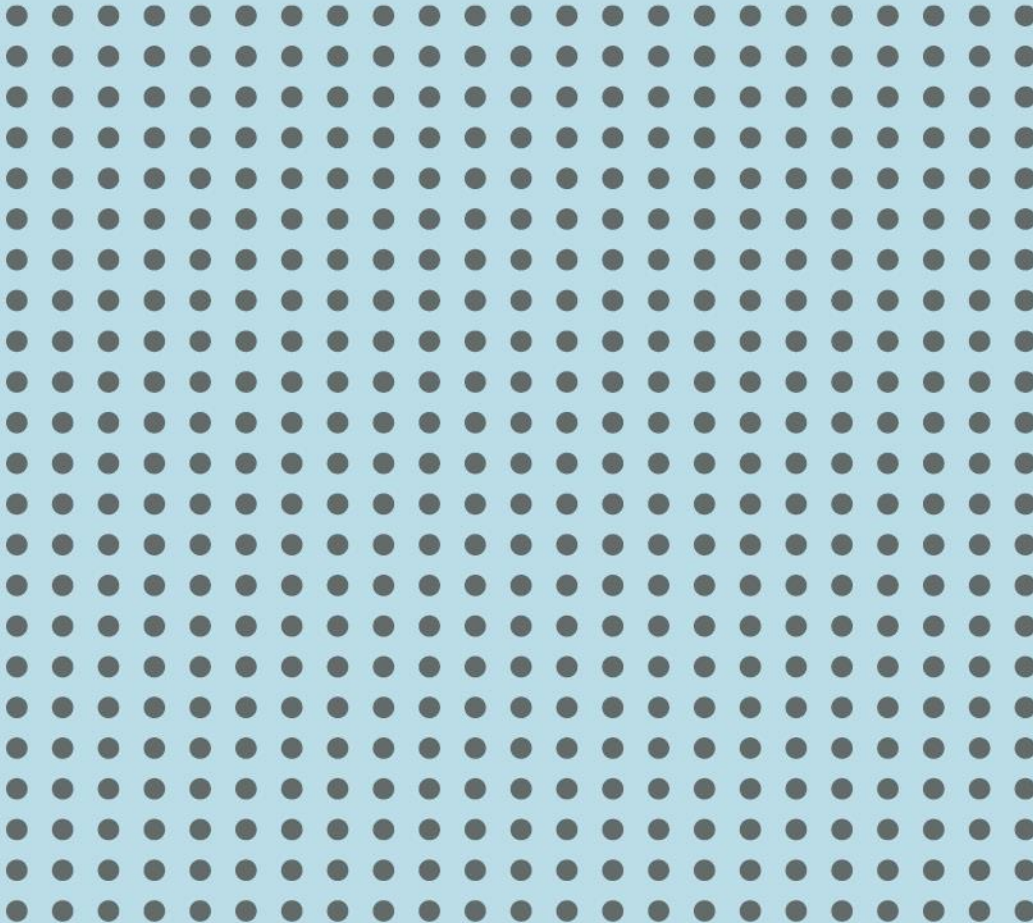
## Uncorrected misstatements

We are required to communicate all uncorrected misstatements to you, other than those considered to be clearly trivial. The total impact of these uncorrected misstatements was to decrease the surplus by approximately £5,760.

A summary of uncorrected misstatements is included in below.

£	
Detail	Positive/(adverse)
Consultancy fee March 2023	(5,760)

# : ISA 260 Reporting Requirements



# ISA 260 reporting requirements

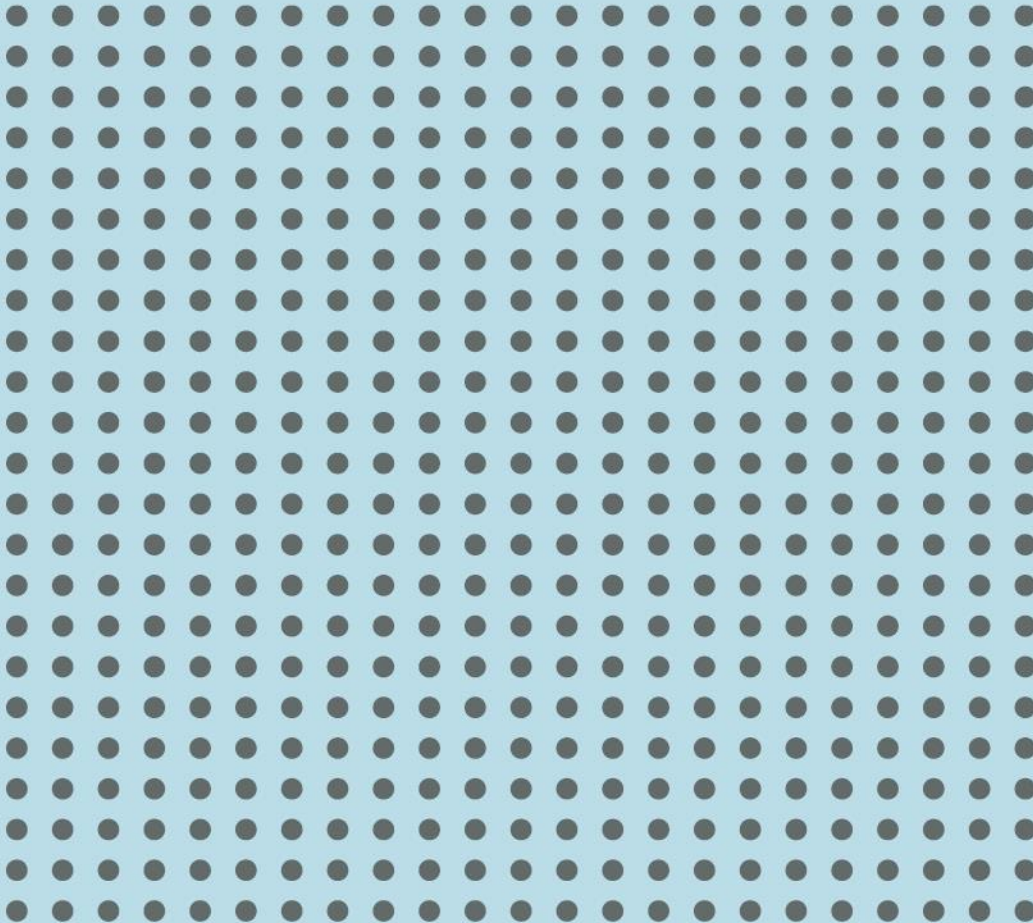
International Standard on Auditing ('ISA') 260 "Communication of audit matters with those charged with governance" requires us to communicate relevant matters relating to the audit of the financial statements to those charged with governance.

We have set out opposite how each of the key areas has been addressed and where they have been reported:

ISA 260 Requirement	C + T Response
Confirmation of the independence of both the Firm and the audit team	Confirmed.
Confirmation of audit approach and scope	Confirmed via planning document.
Consideration of significant accounting policies	Considered throughout the audit process and discussed with management as appropriate.
Consideration of any material risks and exposures	Considered throughout the audit process and further within this report.
Schedule of material audit adjustments (adjusted and unadjusted)	Discussed on page 21 of this report.
Consideration of material uncertainties casting doubt on the entity's ability to continue as a going concern	None noted.
Significant disagreements with management	None noted.
Expected modifications to the auditor's report	None noted.
Material weakness in the accounting and internal control system	None noted.

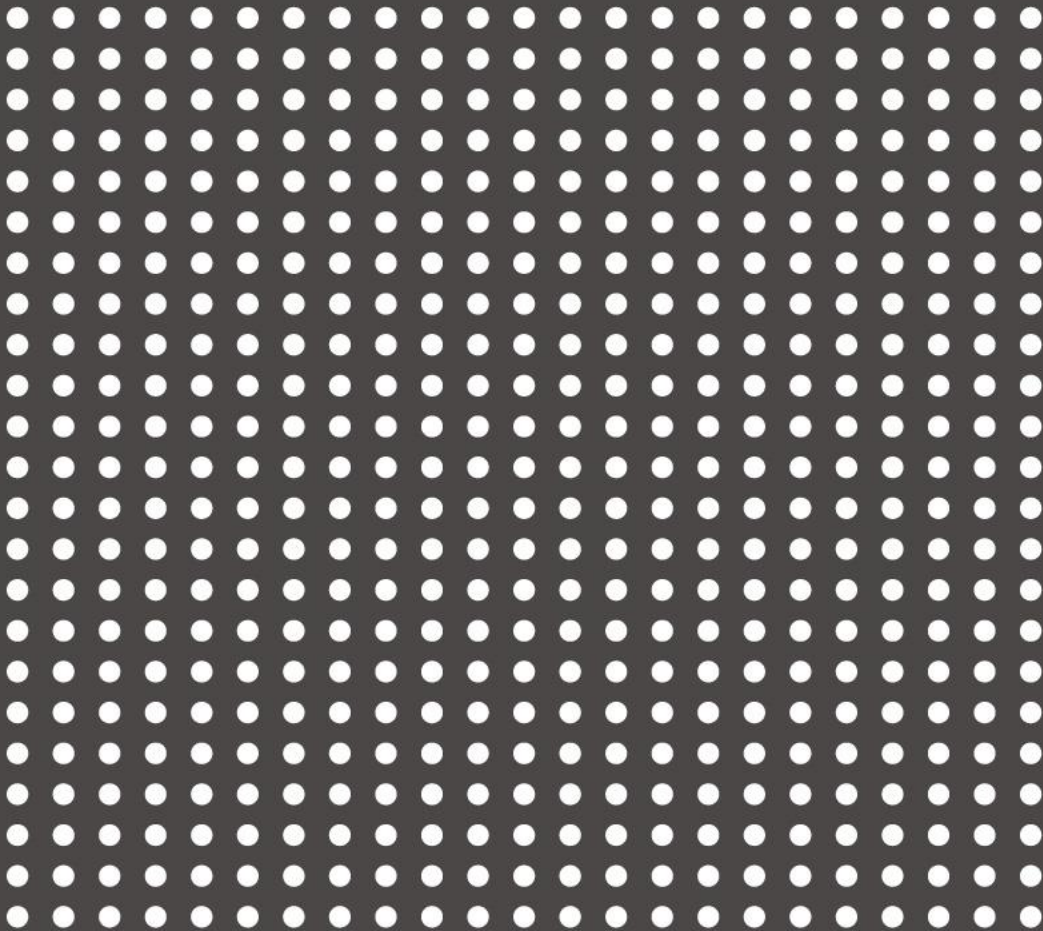


# Appendix 1 – Data Analytics



Test	Details/objective	Results
1 – Rounded amounts	1. Identify round amounts posted of £10,000 or more.	1. We identified 35 occasions where round amounts of £10,000 or more were posted to the system. These were investigated further, and we noted that they related to the following categories: <ul style="list-style-type: none"> <li>➤ Bank transfers;</li> <li>➤ Disposal of fixed assets; and</li> <li>➤ Pension actuarial valuation movements.</li> </ul> 2. From further investigation we were satisfied that these journals were accurate and that there was no evidence of any fraudulent activity.
2 – Benford 2 digit test	1. Benford's law – probability of the frequency of the first two digits in a number posted. The frequency should follow Benford Law equation.	1. Only one number did not follow the Benford Law equation. The number '50' appeared significantly more than expected. This was investigated further and it was noted that this was primarily due to the number '50' appearing in bank transfer journals plus inter-co management fee (£500 per month). 2. We are therefore satisfied that there was no evidence of any fraudulent activity
3 – Posted on days	2. Identify any transactions that were posted out with the 'normal' working week or standard hours.	1. The vast majority of transactions were posted during the working week between the hours of 9am to 5pm. However there were two days in the year where journals were posted at the weekend. 2. Upon further investigation it was noted that additional work was required at the weekend in order to cover the backlog of journal entries that needed completed due to staff turnover.

**CT** ● Accountants  
● Advisers





**Rutherglen and Cambuslang Housing Association Limited**  
**Report and Financial Statements**  
**For the year ended 31 March 2023**



**Registered Housing Association No. HAC176**

**FCA Reference No. 2029R(S)**

**Scottish Charity No. SC041992**

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**Members of the Committee of Management, Executives and Advisers for the Year Ended 31 March 2023**

**Committee of Management**

Edward Harkins	Chairperson
Robert McLeary	Vice-Chairperson and Secretary
Gary Gow	
Karen McCartney	
Mary Ellen McKeown	
Frances Cunningham	
Eveline Thompson	
Natalie Kirk	Appointed 27 September 2022
Karen Kirk	Appointed 27 September 2022
Jean Stewart	Resigned 7 February 2023
Christine McPhail	Resigned 19 April 2022
Geraldine Baird	Resigned 24 May 2022

**Executive Officers**

Elaine Lister	Director
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**Registered Office**

Aspire Business Centre  
16 Farmeloa Road  
Rutherglen  
South Lanarkshire  
G73 1DL

**External Auditors**

CT  
Chartered Accountants &  
Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Internal Auditors**

Alexander Sloan  
Accountants and  
Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

**Finance Agents**

FMD Financial Services Ltd

**Bankers**

Bank of Scotland  
82 Main Street  
Rutherglen  
South Lanarkshire  
G73 2HZ

**Solicitors**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

## Report of the Committee of Management for the Year Ended 31 March 2023

The Committee of Management presents its report and the Financial Statements for the year ended 31 March 2023.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2029R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC041992.

### Principal Activities

The Association's principal activity is the provision, management and maintenance of good quality, affordable rented housing. However, it also seeks to be 'more than a landlord' and, over the past year, has developed a focus on making positive and meaningful engagement with its services users and the communities it serves.

This is reflected in the Association's vision "To continue to provide good quality housing, promote innovation and encourage community involvement".

At a joint Strategic Planning Day in February 2023, the Management Committee and Senior Staff Team identified the Association's strategic objectives as being to:

- Proactively seek out and maximise opportunities to enhance the provision of high-quality homes and neighbourhoods;
- Expand our presence and activities to grow our community regeneration and engagement to meet local needs and aspirations;
- Value and develop all our people by celebrating our achievements and affective succession planning; and
- Continue to deliver robust financial and governance outcomes

The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.

### Review of Business and Future Developments

#### Context

The Association is a community-based housing association in the Rutherglen and Cambuslang areas of South Lanarkshire. As at 31 March 2023, the Association owns 877 properties, part owns 8 shared ownership properties and provides factoring services for a further 935 properties. The Association also owns 35 lockups, 1 shop and the Aspire Business Centre. At 31 March 2023, the Association has a Committee of Management made up of 9 elected members. Of the 9 members there are 4 tenants, 1 service user and 3 others with an interest in the Association.

Details of our Committee and our staff team are kept updated on our public website:

<https://www.randcha.co.uk/page/our-committee>

<https://www.randcha.co.uk/page/our-staff>

## **Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**

Like all businesses the Association has been adapting our ways of working in light of the COVID-19 pandemic and its impact. We have reviewed our working circumstances to ensure service delivery for customers whilst allowing flexibility for staff team members. Our arrangements are kept under review and updated as circumstances change.

### **Treasury Management**

The Committee of Management follows a prudent approach to the financial affairs of the Association and retains close control of these. Investments are regularly reviewed to ensure that the Association achieves the best return in a climate of low interest rates, whilst spreading the risk of investments across institutions. The Committee of Management also keeps the Association's loan portfolio under review and monitors the impact of financial decisions on the loan covenant conditions that the Association is required to meet. The Association has not taken on any new debt during the year and has no plans for further borrowing at this time.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. Surplus funds are managed carefully using long-established banks or building societies. The Treasury Management position of the Association is reviewed by the Committee of Management every quarter and the Treasury Management Policy is reviewed by the Committee of Management every three years.

### **Risk Management**

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

A key part of this process is the risk register that identifies the key risks, the real level of the risk and the control measures the Association has in place to mitigate or eliminate the impact of the risk. As part of the risk management process, the register was reviewed in February 2023 by the Management Committee and the Senior Staff Team to ensure both parties are fully aware of the risks the Association faces and that these are being effectively managed.

### **Risks and Uncertainties**

The Association recognises that it operates in a sector that is heavily influenced and impacted by the wider social, economic and political environment. It is therefore not immune to the current economic uncertainty and potentially faces a number of challenges such as:

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

## Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

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

### Impact of COVID-19

Whilst the Association has resumed the delivery of face-to-face service delivery, fully opened the office to the public and holds round table meeting, the full, ongoing impact of the pandemic remains an unknown risk to the Association's ability to meet all of its goals and targets, especially those relating to the planned maintenance of the stock. Rising costs, shortage of materials and labour and more contractors closing their businesses, means that the Association is finding it increasingly challenging to provide the quality and the value for money, as well as the level of customer satisfaction, it strives for.

### **Financial Review**

The Association needs to have reserves to ensure that the organisation can function into the future and meet its future liabilities, including the repair, maintenance, and replacement investment needs of its properties. In the year to 31 March 2023, the Association made a surplus of £233,458 against a budgeted position of £779,795. The majority of the reduced surplus during 2022-23 was due to economic challenges and the associated material and labour price increases which increased the cost of maintenance work as well as the actuarial loss on the defined benefit pension plan. Any surpluses that the Association makes are set aside within reserves for future business and works.

The Association reports an operating margin of 16.5% (2021-22: 21.4%). The main driver of the difference from the previous year being higher expenditure on cyclical, planned and reactive repair costs carried out to the Association's properties.

As at 31 March 2023, the Association has cash to the value of £2,097,980 and has loan debt at a value of £8,756,736 having paid £754,164 off its loan debt during the year. The bank base rate has increased substantially over the year, however the Association has a mix of variable and fixed rate loans which has assisted with mitigating the financial impact of this.

As at 31 March 2023, the Association has a net asset value position of £20,569,332 (this is the assumed net worth of the Association and is not a cash item).

### **Performance**

Despite the challenges in the year, the Association continues to be a well performing organisation. At the end of March 2023:

- 31 homes had been let to households in housing need, 7 to homeless households referred to the Association by South Lanarkshire Council
- 100% of complaints had been resolved in full, taking an average of 0.8 days for Stage 1 complaints and 43.5 days for stage 2
- The time taken to re-let properties had been reduced to 13.7 days with 0.11% of rental income being lost due to properties being empty
- The gross rent arrears as a percentage of the annual rental income was 1.9%;
- 100% of anti-social behaviour cases had successfully been resolved;
- There were no evictions carried out in the year;
- 89.3% of repairs were completed right first time; and

- 77.9% of properties that fall within the scope of SHQS met the standard with a projected 93% being compliant by the end of the next financial year.

At the start of 2023 the Association carried out a comprehensive Tenants Satisfaction Survey and, whilst like many RSLs noted a slight decreased in the levels of satisfaction reported in some areas, the percentage of tenants satisfied with the key services provided remains high.

Measure (Satisfied/Very Satisfied)	%
Overall service provided by the Association	90.6%
The Association keeping them informed about services and decisions	97.9%
The opportunities given to them to participate in the Association's decision-making processes	96.7%
The quality of their home	87.3%
The repairs and maintenance service	90.3%
Their rent representing good value for money	81.7%
The factoring service (owners)	71.7%

### **Staff Structure**

The review of the staff structure and job descriptions previously carried out remain a focus for the Management Committee and Senior Staff team to ensure that the Association remains best prepared to:

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

### **Future Priorities**

#### Business Plan

The current Business Plan is currently being comprehensively reviewed in order to have a new, updated and challenging 5-year Business Plan that reflects the current environment the Association is operating in as well as its aspirations and objectives for the coming years.

#### Provision of New Housing

The Association is committed to providing more high quality, affordable housing to meet the increasing demand. A potential project to build 45 new flats and houses is currently being looked at, with a number of other sites being proactively considered for future development. The Association remains open to exploring any other opportunities for further development and/or acquisition. However, with the current financial and economic challenges including rising costs, limited government funding and uncertainty around interest rates, the Association is taking an extremely cautious and prudent approach to developing new homes at this time.

#### Internal Audit Services

For a number of years the Association has appointed Alexander Sloan to provide internal audit. However, in line with good governance tendering for a new internal auditor is due to be carried out by the end of the financial year.

## Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

### External Auditors

The Association external auditors Azets reviewed it's ethics policy during the financial year and, due to the long standing business relationship with the Association, felt it could not continue to provide the Association with external auditing services. Given the urgency of the situation and after due diligence, CT were appointed. A full tendering exercise will be carried out by the end of the financial year.

### Owners Satisfaction Survey

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

### Staff Succession

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

### Committee Recruitment

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

### **Value for Money**

Along with ensuring effective management of the Association's finances, the Committee of Management are committed to ensuring that value for money remains a top priority for the Association. We look to achieve this as an independent Registered Social Landlord (RSL) and with our local partners. Where it can add value, we work with other local RSL's to procure, purchase, and provide. We work closely with the other local RSL's especially in terms of staff and committee training, welfare benefits advice services and some maintenance procurement. We also work with other Associations on common projects.

Ensuring the collection of rental income, and supporting tenants to make rent payments, remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. Only by ensuring the ongoing receipt of rent payments can we ensure the future of the Association and the availability of funds to continue to provide services. This has been a challenge over recent years with the UK Government Welfare Reforms and with the more recent cost increases in energy bills and high inflationary increases in everyday living. All of this can make rent payment even more difficult for some which is why it is important that the Association continue to support customers in this priority area.

In terms of rental arrears, the Association continues to perform well in this area.

### **Tenant Engagement**

Tenant involvement is crucial to the success of the Association and we are very grateful to our active residents for all the work they do with us.

We are committed to seeking new and innovative ways to engage with our residents and communities and to promote and encourage meaningful participation.



## **Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**

### **Donations and Wider Action**

During the year the Association made charitable donations of £1,785 and spent £8,314 on tenant participation including competitions, events and the tenant satisfaction survey.

### **Governance**

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

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

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

The need to bring new ideas and skills to the Committee is also recognised and the Association is seeking to undertake a comprehensive recruitment exercise to attract new members onto the Committee.

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

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

### **Notifiable Events**

The Association made one Notifiable Events Submission in the year to advise of the change in the Association's external auditor.

### **Committee of Management and Executive Officers**

The Association is controlled by a Committee of Management. The members of the Committee of Management and the Executive Officers are listed on page 2.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting or apply to fill casual vacancies in the year or take up co-optee places. The Committee of Management can be no fewer than 7 members and no more than 15, with no more than one third being co-optees.

Details of our Committee are kept updated on our public website  
<https://www.randcha.co.uk/page/our-committee>



## Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)

### Statement of Committee of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the SHR Determination of Accounting Requirements – Statutory Guidance Feb 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

### Disclosure of Information to the Auditor

In so far as the Committee of Management are aware, at the time this report is approved:

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

### Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

**Report of the Committee of Management for the Year Ended 31 March 2023 (Continued)**

It is the Committee of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

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

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2023. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Auditors**

CT were appointed in 2023 with the intention of undertaking the external audit for the year ending 31 March 2023. There will be a tender exercise conducted during the 2023-24 financial year, following which the external auditor will be confirmed for future financial years.

**By order of the Committee of Management**

**Edward Harkins**

**Chairperson**

**Date:**

8/8/2023

**Report by the Auditors to the Members of Rutherglen and Cambuslang Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 9-10 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 2006/5 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 the Statement on Internal Financial Controls on pages 9-10 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 our enquiry of certain members of the Committee of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management'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.



**CT**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**

**Date:** 21 August 2023

## **Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited**

### **Opinion**

We have audited the financial statements of Rutherglen and Cambuslang Housing Association Limited for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes, 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 FRS 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 2023 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 requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – 2019.

### **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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the accounts, we have concluded that the Committee of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited (Continued)**

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

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

We have nothing to report in this regard.

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

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

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

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

As explained more fully in the Committee of Management's responsibilities statement, the Committee of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Management 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 Committee of Management are 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 Committee of Management either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited (Continued)**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

**Independent Auditor's Report to the Members of Rutherglen and Cambuslang Housing Association Limited (Continued)**

**Use of our report**

This report is made solely to the association's members, as a body. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an 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.



**CT**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**  
**Date:** 21 August 2023



**Statement of Comprehensive Income for the Year Ended 31 March 2023**

	Notes	2023		2022	
		£	£	£	£
<b>REVENUE</b>	2		4,484,362		4,235,892
Operating Costs	2		(3,744,407)		(3,532,749)
<b>OPERATING SURPLUS</b>			739,955		703,143
Interest Receivable and Other Income	7	26,327		10,575	
Interest Payable and Similar Charges	8	(265,986)		(185,302)	
Other Finance Income / (Charges)	11	15,527		(11,000)	
Gain / (Loss) on Disposal of Property, Plant and Equipment	12 (b)	(19,364)		-	
Gain / (Loss) on Revaluation of Investment Property	12 (b)	-		203,750	
			(243,497)		18,023
<b>SURPLUS FOR THE YEAR</b>	9		496,458		721,166
<b>Other comprehensive income</b>					
Actuarial (Losses)/gains on defined benefit Pension Plan	27		(263,000)		360,440
<b>TOTAL COMPREHENSIVE INCOME</b>			233,458		1,081,606

The Financial Statements were approved by the Committee of Management, authorised for issue and signed on its behalf on 22 August 2023 by:

Name:  

Signature:   

**Committee Member** **Committee Member** **Secretary**

The notes on pages 20 to 37 form part of these Financial Statements.

## Statement of Financial Position as at 31 March 2023

	Notes	2023		2022	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		30,001,703		30,560,285
Other Non-current Assets	12 (b)		<u>1,366,633</u>		<u>1,441,884</u>
			31,368,337		32,002,169
<b>INVESTMENTS</b>					
Investment in Subsidiary	13		100		100
<b>CURRENT ASSETS</b>					
Stock and Work in Progress				1,381	
Receivables	16	627,669		592,732	
Cash at bank and in hand		<u>2,097,980</u>		<u>1,874,967</u>	
		2,725,650		2,469,080	
<b>CREDITORS: Amounts falling due within one year</b>					
	17	<u>(1,814,321)</u>		<u>(1,786,700)</u>	
			<u>911,329</u>		<u>682,380</u>
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			32,279,765		32,684,649
<b>CREDITORS: Amounts falling due after more than one year</b>					
	18		(8,056,550)		(8,756,504)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish Housing Association Pension Scheme	27	<u>(186,000)</u>		<u>(31,000)</u>	
			(186,000)		(31,000)
<b>DEFERRED INCOME</b>					
Social Housing Grants	20	<u>(3,467,883)</u>		<u>(3,561,281)</u>	
			<u>(3,467,883)</u>		<u>(3,561,281)</u>
<b>NET ASSETS</b>					
<b>EQUITY</b>					
Share Capital	21		157		148
Revenue Reserves			<u>20,569,175</u>		<u>20,335,717</u>
			<u>20,569,332</u>		<u>20,335,865</u>

The Financial Statements were approved by the Committee of Management, authorised for issue and signed on its behalf on 22 August 2023 by:

Name:

Signature:


  
Committee Member


  
Committee Member


  
Secretary

The notes on pages 20 to 37 form part of these Financial Statements.

Statement of Cash Flows for the Year Ended 31 March 2023

	Notes	2023	2022
		£	£
<b>Net cash inflow from operating activities</b>	19	1,539,833	1,761,490
<b>Investing Activities</b>			
Improvements to Housing Properties	(373,861)	(929,356)	
Purchase of Other Fixed Assets	(15,308)	(3,172)	
Proceeds on Disposal of Property, Plant and Equipment	50,636	-	
Interest Receivable and Other Income	<u>26,327</u>	<u>10,575</u>	
<b>Net cash outflow from investing activities</b>		(312,206)	(921,953)
<b>Financing Activities</b>			
Share Capital Issued	9		2
Loan Principal Repayments	(754,164)	(735,655)	
Interest Payable and Similar Charges	<u>(250,459)</u>	<u>(196,302)</u>	
<b>Net cash outflow from financing activities</b>		(1,004,614)	(931,955)
<b>(Decrease)/increase in cash</b>		223,013	(92,418)
<b>Opening Cash &amp; Cash Equivalents</b>		<u>1,874,967</u>	<u>1,967,385</u>
<b>Closing Cash &amp; Cash Equivalents</b>		<u>2,097,980</u>	<u>1,874,967</u>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		<u>2,097,980</u>	<u>1,874,967</u>
		<u>2,097,980</u>	<u>1,874,967</u>

The notes on pages 20 to 37 form part of these Financial Statements.

Statement of Changes in Equity as at 31 March 2023

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1 April 2021</b>	146	19,254,111	19,254,257
Issue of Shares	2	-	2
Cancellation of Shares	-	-	-
Other comprehensive income	-	360,440	360,440
Surplus for the year	-	721,166	721,166
<b>Balance as at 31 March 2022</b>	<b>148</b>	<b>20,335,717</b>	<b>20,335,865</b>
<b>Balance as at 1 April 2022</b>	148	20,335,717	20,335,865
Issue of Shares	9	-	9
Cancellation of Shares	-	-	-
Other comprehensive income	-	(263,000)	(263,000)
Surplus for the year	-	496,458	496,458
<b>Balance as at 31 March 2023</b>	<b>157</b>	<b>20,569,175</b>	<b>20,569,332</b>

The notes on pages 20 to 37 form part of these Financial Statements.

Notes to the Financial Statements for the Year Ended 31 March 2023

**1. PRINCIPAL ACCOUNTING POLICIES**

**Statement of Compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

**Going Concern**

The Committee of Management are continually developing and implementing mitigating actions and processes to ensure that the Association continues to function and manage future operations and those of its workforce and stakeholders. The Committee of Management is satisfied of the Association's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Revenue**

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

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

**Retirement Benefits**

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association also participates in the Scottish Housing Associations Defined Contribution scheme as the defined benefit scheme is closed to new members. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

**Valuation Of Housing Properties**

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

<b>Component</b>	<b>Useful Economic Life</b>
Bathroom	20 Years
Boiler	15 Years
Doors	40 Years
Heating System	15 Years
Kitchen	15 Years
Rewiring	40 Years
Roof	50 Years
Structure	60 Years
Windows	40 Years

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**Valuation Of Investment Properties**

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

**Depreciation and Impairment of Other Non-Current Assets**

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

<b>Asset Category</b>	<b>Depreciation Rate</b>
Office Premises	2%
Furniture and Equipment	33%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

**Social Housing Grant and Other Grants in Advance/Arrears**

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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

**Sales Of Housing Properties**

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

**Leases/Leased Assets**

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

**Works to Existing Properties**

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

## 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Key Judgements made in the application of Accounting Policies

#### a) *The Categorisation of Housing Properties*

In the judgement of the Committee of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

#### b) *Pension Liability*

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has adopted this valuation method in line with FRS102.

#### Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

#### Estimation Uncertainty

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

#### a) *Rent Arrears - Bad Debt Provision*

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

#### b) *Life Cycle of Components*

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

#### c) *Useful life of properties, plant, and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

#### d) *Defined pension liability*

Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation, and the discount rate on corporate bonds.

#### e) *Allocation of share of assets and liabilities for multi-employer schemes*

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi-employer pension schemes and estimations performed by the Pensions Trust.

#### f) *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.



**2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES**

Notes	2023			2022			
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3	4,246,826	3,471,222	775,603	4,090,164	3,359,981	730,182
Other Activities	4	237,536	273,186	(35,648)	145,729	172,768	(27,039)
<b>Total</b>		<b>4,484,362</b>	<b>3,744,407</b>	<b>739,955</b>	<b>4,235,892</b>	<b>3,532,749</b>	<b>703,143</b>

**3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES**

	General Needs Housing £	Sheltered Housing £	Shared Ownership £	2023 Total £	2022 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	4,046,738	65,869	18,431	4,131,038	4,029,344
Service charges receivable	-	-	-	-	-
<b>Gross income from rent and service charges</b>	4,046,738	65,869	18,431	4,131,038	4,029,344
Less: Rent losses from voids	(9,523)	(232)	-	(9,755)	(23,052)
<b>Net Rents Receivable</b>	4,037,215	65,637	18,431	4,121,283	4,006,293
Grants released from deferred income	92,142	-	1,256	93,398	68,720
Other revenue grants	32,145	-	-	32,145	15,151
<b>Total turnover from affordable letting activities</b>	4,161,501	65,637	19,687	4,246,826	4,090,163
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,481,392	-	-	1,481,392	1,288,497
Service Costs	68,000	-	-	68,000	8,918
Planned and cyclical maintenance, including major repairs	563,883	18,545	6,501	588,929	494,377
Reactive maintenance costs	387,137	23,931	100	411,168	447,791
Bad Debts - rents and service charges	(10,710)	-	-	(10,710)	12,481
Depreciation of affordable let properties	929,006	-	3,437	932,443	1,107,917
<b>Operating costs of affordable letting activities</b>	3,418,709	42,475	10,038	3,471,222	3,359,981
<b>Operating surplus on affordable letting activities</b>	<b>742,792</b>	<b>23,162</b>	<b>9,649</b>	<b>775,603</b>	<b>730,182</b>
<b>2022</b>	<b>705,096</b>	<b>28,018</b>	<b>(2,932)</b>		

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

	Grants from Scottish Ministers	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / Surplus / (Deficit) 2023	Operating Surplus / Surplus / (Deficit) 2022
	£	£	£	£	£	£
Commercial activities	-	62,438	62,438	77,795	(15,357)	18,331
Factoring	-	174,599	174,599	194,443	(19,845)	(59,566)
Management charge to subsidiary	-	500	500	-	500	500
Other	-	-	-	-	-	14,591
Wider role activities	-	-	-	947	(947)	(895)
<b>Total From Other Activities</b>	-	<b>237,536</b>	<b>237,536</b>	<b>273,186</b>	<b>(35,648)</b>	<b>(27,039)</b>
<b>2022</b>	<b>14,591</b>	<b>131,138</b>	<b>145,729</b>	<b>172,768</b>	<b>(27,039)</b>	

**5. OFFICERS' EMOLUMENTS**

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

	2023	2022
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>149,038</u>	<u>142,173</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000 (excluding Pension Contributions)	<u>19,647</u>	<u>18,841</u>
Emoluments payable to Director (excluding pension contributions)	<u>83,382</u>	<u>70,435</u>
Total Emoluments paid to key management personnel	<u>359,533</u>	<u>281,119</u>

The full time equivalent number of staff who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team):

	Number	Number
£60,001 to £70,000	3	3
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-

**6. EMPLOYEE INFORMATION**

	2023	2022
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>21</u>	<u>18</u>
The average total number of Employees employed during the year was:	<u>21</u>	<u>19</u>
Staff Costs were:	£	£
Wages and Salaries	770,065	692,600
Social Security Costs	69,408	67,570
Other Pension Costs	90,950	93,534
Temporary, Agency and Seconded Staff	<u>66,555</u>	<u>38,999</u>
	<u>996,977</u>	<u>892,703</u>

**7. INTEREST PAYABLE & SIMILAR CHARGES**

	2023	2022
	£	£
On Bank Loans & Overdrafts	<u>(265,986)</u>	<u>(185,302)</u>
	<u>(265,986)</u>	<u>(185,302)</u>

**8. INTEREST RECEIVABLE & OTHER INCOME**

	2023	2022
	£	£
Interest receivable on deposits	16,990	1,532
Interest receivable on loan to subsidiary	<u>9,336</u>	<u>9,043</u>
	<u>26,327</u>	<u>10,575</u>

**9. SURPLUS FOR THE YEAR**

	2023	2022
	£	£
Surplus For The Year of £829,769 is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	953,002	1,125,911
Auditors' Remuneration - Audit Services	16,500	11,750
Auditors' Remuneration - Other Services	-	1,578
Operating Lease Rentals - Other	21,283	9,878

**10. TAX ON SURPLUS ON ORDINARY ACTIVITIES**

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

**11. OTHER FINANCE INCOME / CHARGES**

	2023	2022
	£	£
Defined Benefit Pension (costs)/income Recognised in SOCI	<u>15,527</u>	<u>(11,000)</u>

**12. NON-CURRENT ASSETS**

<b>(a) Housing Properties</b>	<b>Housing Properties Held for Letting £</b>	<b>Shared Ownership Completed £</b>	<b>Total £</b>
<b>COST</b>			
As at 1 April 2022	35,237,444	206,226	35,443,670
Additions	373,861	-	373,861
Disposals	<u>(119,091)</u>	<u>-</u>	<u>(119,091)</u>
As at 31 March 2023	35,492,214	206,226	35,698,440
<b>DEPRECIATION</b>			
As at 1 April 2022	4,798,902	84,482	4,883,385
Charge for Year	841,269	3,437	844,706
Disposals	<u>(31,353)</u>	<u>-</u>	<u>(31,353)</u>
As at 31 March 2023	5,608,818	87,919	5,696,737
<b>NET BOOK VALUE</b>			
As at 31 March 2023	<u>29,883,397</u>	<u>118,307</u>	<u>30,001,703</u>
As at 31 March 2022	<u>30,438,542</u>	<u>121,744</u>	<u>30,560,285</u>

Additions to housing properties include capitalised major repair costs to existing properties of £373,861 (2022: £935,257).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,373,958 (2022: £1,865,800). This includes the amount capitalised for component additions of £373,861 (2022: £935,257).

The Association's Lenders have standard securities over Housing Property with a carrying value of £17,498,042 (2022: £17,814,179).

**12. NON CURRENT ASSETS (Continued)**

**(b) Other Tangible Assets**

	Office Premises £	Investment Properties £	Furniture and Equipment £	Total £
<b>COST</b>				
As at 1 April 2022	525,000	1,005,000	208,021	1,738,021
Additions	-	-	15,308	15,308
Disposals	-	(70,000)	-	(70,000)
As at 31 March 2023	<u>525,000</u>	<u>935,000</u>	<u>223,328</u>	<u>1,683,328</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1 April 2022	94,500	-	201,636	296,136
Charge for year	10,500	-	10,059	20,559
Disposals	-	-	-	-
As at 31 March 2023	<u>105,000</u>	<u>-</u>	<u>211,695</u>	<u>316,695</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2023	<u>420,000</u>	<u>935,000</u>	<u>11,633</u>	<u>1,366,633</u>
As at 31 March 2022	<u>430,500</u>	<u>1,005,000</u>	<u>6,384</u>	<u>1,441,884</u>

The fair value, as at 31 March 2023, of the Aspire Business Centre was £1,300,000 (2021-22: £1,300,000). This is based on a valuation performed by DM Hall on 15 December 2021. 40.4% of the Aspire Business Centre is used by the Association and is accounted for as office premises at historic (deemed) cost. The remaining 59.6% of the Aspire Business Centre is available for rent to 3rd parties and is accounted for as an investment property. The investment properties balance also includes £35,000 for 1 shop (2021-22: 3 shops at £105,000) and £125,000 for 35 lockups (2021-22: 35 lockups at £125,000). The shops and lockups were valued by JLL on 9 February 2022.

**13. INVESTMENT IN SUBSIDIARY**

	2023 £	2022 £
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 2022-23 subsidiary company accounts show a profit for the year of £30,965 (2021-22: £132,831) and net assets of £264,056 (2021-22: £233,089).

**14. CAPITAL COMMITMENTS**

	2023 £	2022 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>5,220</u>	<u>-</u>

The above commitments will be financed by the Association's own resources.

**15. COMMITMENTS UNDER OPERATING LEASES**

	2023	2022
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Not later than one year	21,913	9,878
Later than one year and not later than five	30,092	25,904

**16. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Arrears of Rent & Service Charges	75,735	102,891
Less: Provision for Doubtful Debts	<u>(25,770)</u>	<u>(52,926)</u>
	49,964	49,965
Amounts Due From Subsidiary	347,788	370,748
Other Receivables	<u>229,917</u>	<u>172,019</u>
	<u>627,669</u>	<u>592,732</u>

**17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Housing Loans	700,186	754,396
Trade Payables	262,456	297,452
Rent Received in Advance	194,049	186,021
Accruals and Deferred Income	142,698	64,988
Other Payables	<u>514,933</u>	<u>483,843</u>
	<u>1,814,321</u>	<u>1,786,700</u>

At 31 March 2023, there were pension contributions outstanding of £11,833 (2022: £28,474).

**18. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023	2022
	£	£
Housing Loans	8,756,736	8,756,504
<b>Housing Loans</b>		
Amounts due within one year	700,186	754,396
Amounts due in one year or more but less than two years	664,529	792,256
Amounts due in two years or more but less than five years	3,316,277	2,143,096
Amounts due in more than five years	<u>4,075,745</u>	<u>5,821,152</u>
	8,756,736	9,510,900
Less: Amount shown in Current Liabilities	<u>(700,186)</u>	<u>(754,396)</u>
	<u>8,056,550</u>	<u>8,756,504</u>

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Bank of Scotland	Standard security over 147 properties	Base + 0.75%	2027	Variable
Bank of Scotland	Standard security over 147 properties	Base + 0.75%	2027	Variable
Bank of Scotland	Standard security over 147 properties	7.160%	2029	Fixed



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Bank of Scotland	Standard security over Standard security over 147 properties	4.970%	2024	Fixed
Bank of Scotland	Standard security over Standard security over 147 properties	Base + 1.93%	2028	Variable
Clydesdale Bank	Standard security over Standard security over 112 properties	Base + 0.45%	2027	Variable
Clydesdale Bank	Standard security over Standard security over 112 properties	Base + 0.45%	2034	Variable
Energy Savings Trust	No security held	0%	2027	Interest Free
Nationwide Building Society	Standard security over Standard security over 123 properties	Base + 0.25%	2028	Variable
Nationwide Building Society	Standard security over Standard security over 123 properties	Base + 0.45%	2034	Variable
Nationwide Building Society	Standard security over Standard security over 123 properties	Base + 0.45%	2034	Variable
Royal Bank of Scotland	Standard security over Standard security over 194 properties	2.383%	2040	Fixed
Royal Bank of Scotland	Standard security over Standard security over 194 properties	Base + 1.571%	2027	Variable
Royal Bank of Scotland	Standard security over Standard security over 194 properties	2.557%	2027	Fixed
Royal Bank of Scotland	Standard security over Standard security over 194 properties	2.610%	2030	Fixed
Scottish Government	No security held	0%	2025	Interest Free

All of the Association's bank borrowings are repayable on a monthly, quarterly or annual basis with the principal being amortised over the term of the loans except for one Bank of Scotland and two Royal Bank of Scotland loans which have bullet repayments, the intention of the Association is to refinance these loans proactively in advance of the bullet repayments falling due.

### 19. STATEMENT OF CASH FLOWS

#### Reconciliation of surplus for the year to net cash inflow from operating activities

	2023	2022
	£	£
Operating Surplus for the year	739,955	703,143
Depreciation	953,002	1,125,916
Amortisation of Capital Grants	(93,398)	(68,720)
Change in debtors	10,858	68,166
Change in stock	1,381	(1,381)
Change in creditors	20,508	113,926
SHAPS Past Service Deficit Contribution Paid	(92,473)	(179,560)
Share Capital Written Off	-	-
Net cash inflow from operating activities	<u>1,539,833</u>	<u>1,761,490</u>

#### Analysis of Changes in Net Debt

	2022	Cash flows	Non-cash changes		2023
	£	£	Finance leases	Other changes	£
Long-term borrowings	(8,756,504)	754,164	-	(54,210)	(8,056,550)
Short-term borrowings	(754,396)	-	-	54,210	(700,186)
Total liabilities	<u>(9,510,900)</u>	<u>754,164</u>	<u>-</u>	<u>-</u>	<u>(8,756,736)</u>
Cash and cash equivalents	<u>1,874,967</u>	<u>223,013</u>	<u>-</u>	<u>-</u>	<u>2,097,980</u>
Total net debt	<u>(7,635,933)</u>	<u>977,177</u>	<u>-</u>	<u>-</u>	<u>(6,658,756)</u>

20. DEFERRED INCOME	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
<b>Social Housing Grants</b>			
As at 1 April 2022	3,767,181	75,363	3,842,544
Eliminated on disposal of components and property	<u>(4,758)</u>	<u>-</u>	<u>(4,758)</u>
As at 31 March 2023	3,762,423	75,363	3,837,786
<b>Amortisation</b>			
As at 1 April 2022	251,746	29,517	281,263
Amortisation in year	88,180	1,256	89,436
Eliminated on disposal	<u>(797)</u>	<u>-</u>	<u>(797)</u>
As at 31 March 2023	339,130	30,773	369,903
<b>Net book value</b>			
As at 31 March 2023	<u>3,423,293</u>	<u>44,590</u>	<u>3,467,883</u>
As at 31 March 2022	<u>3,515,435</u>	<u>45,846</u>	<u>3,561,281</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2023 £	2022 £
Amounts due within one year	89,436	89,753
Amounts due in one year or more	<u>3,378,447</u>	<u>3,471,528</u>
	<u>3,467,883</u>	<u>3,561,281</u>

21. SHARE CAPITAL	2023 £	2022 £
<b>Shares of £1 each Issued and Fully Paid</b>		
As at 1 April 2022	148	146
Issued in year	9	2
Cancelled in year	<u>-</u>	<u>-</u>
As at 31 March 2023	<u>157</u>	<u>148</u>

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.

**22. HOUSING STOCK**

	2023 No.	2022 No.
The number of units of accommodation in management at the year-end was:		
General Needs	873	873
Shared Ownership	8	8
Supported Housing	<u>2</u>	<u>2</u>
	<u>883</u>	<u>883</u>
Housing Units owned by the Association and leased to another body:		
<b>Name of Organisation</b>		
The Richmond Fellowship Scotland Limited	1	1
SRS Care Solutions Limited	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

**23. RELATED PARTY TRANSACTIONS****Management Committee**

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

Any transactions between the Association and any entity with which a Committee of Management member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Committee of Management members (and their close family) were as follows:

	2023 £	2022 £
Rent received from tenants on the Committee of Management and their close family members	19,004	9,398
Income received from factored owners on the Committee of Management and their close family members	629	535

At the year-end total rent arrears owed by the tenant members on the Committee of Management (and their close family) were £16 (2022: £nil).

At the year-end total arrears owed by the factored owner members on the Committee of Management (and their close family) were £nil (2022: £nil).

Members of the Committee of Management who are tenants	4	3
Members of the Committee of Management who are factored owners	1	2

**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 in the Caledonian Centre in the year, generating income of £nil (2021-22: £nil) for Aspire. During the year, management charges of £500 (2021-22: £500) were recharged to Aspire by the Association for services rendered by the Director of the Association. £2,203 (2021-22: £3,200) of insurance costs incurred by the Association in relation to the Caledonian Centre were recharged to Aspire. £9,336 (2021-22: £9,043) in interest was charged by the Association on the balance due to it from Aspire. At 31 March 2023, £347,788 (2021-22: £370,748) was owed to the Association from Aspire. Aspire reimbursed the Association for invoices paid on its behalf totalling £7,370 (2021-22: £nil), Aspire also made loan repayments to the Association of £42,370 (2021-22: £nil).

## 24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Aspire Business Centre, 16 Farmeloan Road, Rutherglen, South Lanarkshire, G73 1DL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Rutherglen and Cambuslang.

## 25. COMMITTEE OF MANAGEMENT MEMBER EMOLUMENTS

Committee of Management members received £113 (2022: £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Committee of Management members in respect of their duties to the Association.

## 26. SHAPS PENSION PROVISION

	2023	2022
	£	£
As at 1 April 2022	(31,000)	(560,000)
Decrease/(increase) in Provision	<u>(155,000)</u>	<u>529,000</u>
Balance as at 31 March 2023	<u>(186,000)</u>	<u>(31,000)</u>

The pension provision is equal to the deficit in the plan, arrived at by deducting the present value of defined benefit obligation from the fair value of plan assets – as detailed at note 25.

In the year to 31 March 2023, the deficit in the plan has increased due to the impact of actuarial losses on the defined benefit obligation.

## 27. RETIREMENT BENEFIT OBLIGATIONS

### Scottish Housing Associations' Pension Scheme

Rutherglen and Cambuslang Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'), the assets of which are held in a separate trustee administered fund. The Association has employees in the defined contribution scheme.

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

The last valuation of the Scheme was performed as at 30th September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%). All Scheme members have agreed to make contributions towards the past service deficit.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

**Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets		
Present value of defined benefit obligation	3,201	5,297
Surplus (deficit) in plan	3,387	5,328
Unrecognised surplus	(186)	(31)
Defined benefit asset (liability) to be recognised	-	-
Deferred tax	(186)	(31)
Net defined benefit asset (liability) to be recognised	<u>-</u>	<u>-</u>
	<u>(186)</u>	<u>(31)</u>

**Reconciliation of Opening and Closing Balances of the Defined Benefit Obligation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Defined benefit obligation at start of period	5,328	5,510
Current service cost	-	-
Expenses	6	6
Interest expense	146	120
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(429)	244
Actuarial losses (gains) due to changes in demographic assumptions	(73)	17
Actuarial losses (gains) due to changes in financial assumptions	(1,408)	(467)
Benefits paid and expenses	(183)	(102)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	<u>3,387</u>	<u>5,328</u>

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)****Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets**

	2023 £000	2022 £000
Fair value of plan assets at start of period	5,297	4,950
Interest income	147	109
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(2,173)	155
Employer contributions	113	185
Member contributions	-	-
Benefits paid and expenses	(183)	(102)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	<u>3,201</u>	<u>5,297</u>
Fair value of plan assets at start of period		

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£2,025,000).

**Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)**

	2023 £	2022 £
Current Service Cost	6	6
Expenses	(1)	11
Net Interest Expense	-	-
Losses (Gains) on Business Combinations	-	-
Losses (Gains) on Settlements	-	-
Losses (Gains) on Curtailments	-	-
Losses (Gains) due to Benefit Changes	<u>5</u>	<u>17</u>
Defined Benefit Costs Recognised in Statement of Comprehensive Income (SOCl)		

**Defined benefit costs recognised in Other Comprehensive Income (OCI)**

	2023 £	2022 £
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(2,173)	155
Experience gains and losses arising on the plan liabilities - gain (loss)	429	(244)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	73	(17)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,408	467
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(263)	361
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in Other Comprehensive Income - gain (loss)	<u>(263)</u>	<u>361</u>

**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

Actuarial gain/(loss) is a non-cash item that occurs due to changes in actuarial assumptions used by The Pensions Trust (TPT) for the Scottish Housing Associations' Pension Scheme (SHAPS). This figure can be subject to significant change year on year.

**Fair Value of Scheme Assets**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Global Equity	85	1,047
Absolute Return	44	243
Distressed Opportunities	99	190
Credit Relative Value	122	170
Alternative Risk Premia	18	219
Emerging Markets Debt	25	197
Risk Sharing	233	173
Insurance-Linked Securities	89	111
Property	133	137
Infrastructure	345	331
Private Debt	143	133
Opportunistic Illiquid Credit	142	176
High Yield	16	51
Opportunistic Credit	-	18
Cash	13	15
Corporate Bond Fund	4	335
Liquid Credit	-	34
Long Lease Property	107	153
Secured Income	214	283
Over 15 Year Gilts	-	2
Liability Driven Investment	1,356	1,281
Currency Hedging	6	(19)
Net Current Assets	<u>7</u>	<u>17</u>
Total Assets	<b><u>3,201</u></b>	<b><u>5,297</u></b>

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

**Key Assumptions**

	<b>2023</b>	<b>2022</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount Rate	4.86%	2.79%
Inflation (RPI)	3.19%	3.54%
Inflation (CPI)	2.77%	3.17%
Salary Growth	3.77%	4.17%
Allowance for commutation of pension for cash at retirement (% of maximum allowance)	75%	75%



**27. RETIREMENT BENEFIT OBLIGATIONS (Continued)**

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies at age 65:

	<b>2023</b>	<b>2022</b>
	Years	Years
Male retiring in-year	20.5	21.6
Female retiring in-year	23.0	23.9
Male retiring in 30 years	21.7	22.9
Female retiring in 30 years	24.4	25.4

**Review of Historic Scheme Benefit Changes**

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

On 4 May 2022, the Scheme Trustee issued an update to employers which included an estimate of the potential additional liabilities at the full scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact on an individual employer basis with any accuracy. As a result of this, no provision will be made for the potential additional liabilities within the financial statements or the related accounting disclosures included in this note.