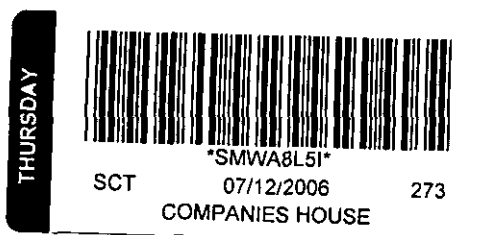


216096

Rural Housing Service
Report and Financial Statements
for the year ended 31 March 2006

Charity number SC031239
Company number SC216096



Rural Housing Service

Directors' report for the year ended 31 March 2006

The directors present their report and the financial statements of the charity for the year ended 31 March 2006

Reference and administrative information

Charity name	Rural Housing Service
Charity registration number	SC031239
Company registration number	SC216096
Principal office and Registered office	55 Newton Street, Duns, TD11 2AS

Trustees

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the directors

The directors serving during the year and since the year end were as follows

Raymond Kennedy Young OBE	Convenor
Peter James Pearson	Treasurer
Madhu Satsangi	
Alastair Ian Cameron	

Board Members

Andrew Abrahams	Resigned June 2006
Alister Leitch	
Sarah Jane Laing	Appointed April 2005
Martin Pollhammer	

Advisor to the Board	Ritchie Johnson
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Company Secretary & Chief Executive	Derek William Logie
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Auditors	Alexander Sloan, Chartered Accountants 1 Atholl Place, Edinburgh, EH3 8HP
Bankers	Bank of Scotland The Mound, Edinburgh, EH1 1YZ
Solicitors	Balfour & Manson 56 Friedrich Street, Edinburgh, EH2 1LS

Rural Housing Service
Directors' report
for the year ended 31 March 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Rural Housing Service is a company limited by guarantee governed by its memorandum and articles of association and is recognised as a charity in Scotland

Appointment of Directors

Directors are elected at the Annual General Meeting or co opted by the Council of Management. The council is comprised of directors (to a maximum of 12) and other co opted members (to a maximum of six)

Trustee induction and training

Members are inducted through meetings held with the Chief Executive and the Convener as well as being provided with background information, Annual Reviews and other literature

Organisational structure

The day to day management of the charity is delegated to the Chief Executive who reports to the Council of Management at a meeting every three months. Decisions related to management and personnel are delegated by the Council of Management to an Executive Committee comprising the Convenor, Treasurer and a nominated director. Any decisions of the Executive Committee have to be ratified at the next Council Management meeting

Risk management

The directors operate an ongoing review of the major risks to which the charity is exposed and the systems have been established to mitigate those risks

Rural Housing Service

Directors' report for the year ended 31 March 2006

OBJECTIVES AND ACTIVITIES

The principal object for which the company is established is to assist rural communities in Scotland to relieve poverty by alleviating rural homelessness, poor housing conditions, other housing needs, and related problems

For the purpose of furthering the attainment of its objectives the company shall have and may pursue all or any of the following activities

- to support rural communities to work in partnership with local and national government and their agencies, housing associations, voluntary bodies and the private sector,

- to provide advice, support and information to rural communities and individuals on housing issues and problems,

- to establish and support networks linking individuals and groups with an interest in rural housing issues,

- to provide information on rural housing issues to increase understanding amongst policy and decision makers,

- to carry out and publish research projects which increase understanding of rural housing issues and which pilot innovative ways of tackling them,

- to seek opportunities for influencing public policy on relevant matters, and advocating on behalf of rural communities

The main objectives for the year were to establish Rural Housing Enabler projects in Aberdeenshire and the Argyll Islands which would work with rural communities and individuals across Scotland and develop practical projects with rural communities

Links with councils, housing association and community organisations are being established and improved in order to gather support for the development of Rural Housing Enabler projects

A web based information service is being developed to provide information to rural communities on the services provided by Rural Housing Service

Rural Housing Service

Directors' report for the year ended 31 March 2006

ACHIEVEMENTS AND PERFORMANCE

The past year has been one of considerable expansion for the Rural Housing Service. Over the year we have increased our staff number with the recruitment of a Rural Housing Enabler (Clare Jones) in the Argyll Islands and are on the verge of recruiting another in Aberdeenshire.

The new posts considerably expand the ability of the Rural Housing Service to work with local communities. Early successes include the development of an empty house project for Tiree and an agency agreement with Communities Scotland to promote Rural Home Ownership Grants in the Argyll Islands. Following contacts with rural communities in the Scottish Borders, we have also negotiated to promote Rural Home Ownership Grants in the Borders to help more people access affordable housing. Our overall strategy is to develop Rural Housing Enabler posts across rural Scotland.

In 2005/06 the Rural Housing Service has been active in supporting 18 communities across rural Scotland including Bridge of Orchy, Fair Isle, Knoydart and Coll.

Our Annual Conference in February was a sell out and enthusiastically praised by delegates. The main speaker Willy Roe, Chairman of Highlands and Islands Enterprise, outlined his view of the link between rural housing and rural development. This is something we are currently highlighting in stakeholder meetings with the Scottish Executive on their revised Rural Policy.

We also highlighted to the Cross Party Group on Affordable Housing changes that would help to deliver more affordable rural housing. Many of these concerned planning policy and we made representations to the consultation on the new Planning Bill and await with interest current research on planning for affordable housing.

We continue to provide detailed housing advice and information to individuals in the communities we visit as well as those contacting the Service by email or phone. We are currently upgrading our website with the help of a grant from the Scottish Community Foundation, to enable it to deliver high quality rural housing information and advice.

During the year Andrew Abrahams retired as a Board Member of the Rural Housing Service. Andrew, who lives in Colonsay, joined the Board in 2001 and had participated in board meetings by phone and video.

FINANCIAL REVIEW

The charity had a surplus of £25,937 for the year and has accumulated reserves of £47,280 at the balance sheet date.

Reserves policy

The directors consider an unrestricted fund of approximately three months operating costs to be prudent for the efficient operation of the service and hope to build the general reserve up to this level. This is to ensure that the commitments of the service are protected by reserves and not solely dependent on current year funding.

Rural Housing Service

Directors' report for the year ended 31 March 2006

Investment policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the directors see fit

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company and charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the directors are 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 and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The directors have overall responsibility for ensuring that the charity has appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are directors at the time when the directors' report is approved

so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

each director has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

In determining how amounts are presented within items in the statement of financial activities and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice

AUDITORS

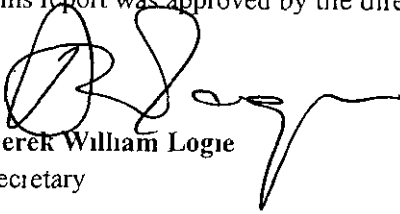
A resolution proposing that Alexander Sloan, Chartered Accountants, be reappointed as auditors of the charity will be put to the Annual General Meeting

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Rural Housing Service

Directors' report
for the year ended 31 March 2006

This report was approved by the directors on 26 September 2006 and signed on its behalf by



Derek William Logie
Secretary

Rural Housing Service

Independent auditors' report to the members of Rural Housing Service

We have audited the financial statements of Rural Housing Service for the year ended 31 March 2006 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the charity's Members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities the charity's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

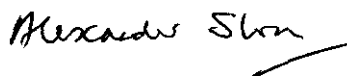
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the charitable company's affairs as at 31 March 2006 and of its gain for the year then ended and have been properly prepared in accordance with the Companies Act 1985. In our opinion, the information given in the directors' report is consistent with the financial statements.

Alexander Sloan
Chartered Accountants and
Registered Auditors



1 Atholl Place,
Edinburgh,
EH3 8HP

26 September 2006

Rural Housing Service
Statement of financial activities
(Incorporating income and expenditure account)
for the year ended 31 March 2006

	Notes	Unrestricted funds £	Restricted funds £	2006 Total £	2005 Total £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	24,070	5,000	29,070	13,865
funds	3	1,700		1,700	
Investment income	4	628		628	613
Incoming resources from charitable activities					
	5	56,641	20,000	76,641	48,560
Total incoming resources		<u>83,039</u>	<u>25,000</u>	<u>108,039</u>	<u>63,038</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income	6				(1,175)
Charitable activities	7	(68,716)	(10,912)	(79,628)	(60,265)
Governance costs	8	(2,474)		(2,474)	(1,263)
Total resources expended		<u>(71,190)</u>	<u>(10,912)</u>	<u>(82,102)</u>	<u>(62,703)</u>
Net incoming resources before transfers					
		11,849	14,088	25,937	335
Gross transfers between funds		891	(891)		
Net movement in funds		<u>12,740</u>	<u>13,197</u>	<u>25,937</u>	<u>335</u>
Reconciliation of funds					
Total funds brought forward		<u>11,343</u>	<u>10,000</u>	<u>21,343</u>	<u>21,008</u>
Total funds carried forward		<u><u>24,083</u></u>	<u><u>23,197</u></u>	<u><u>47,280</u></u>	<u><u>21,343</u></u>

The notes on pages 10 to 20 form an integral part of these financial statements

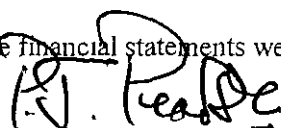
Rural Housing Service

Balance sheet as at 31 March 2006

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		595		1,027
Current assets					
Debtors	14	7,150		1,352	
Cash at bank and in hand		43,636		22,971	
		<u>50,786</u>		<u>24,323</u>	
Creditors amounts falling due within one year	15	<u>(4,101)</u>		<u>(4,007)</u>	
Net current assets			46,685		20,316
Net assets			<u>47,280</u>		<u>21,343</u>
Funds					
Unrestricted funds	17		24,083		11,343
Restricted funds	18		23,197		10,000
			<u>47,280</u>		<u>21,343</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities(effective January 2005)

The financial statements were approved by the Board on 26 September 2006 and signed on its behalf by



Peter James Pearson
Director

The notes on pages 10 to 20 form an integral part of these financial statements

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Following the introduction of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), the allocation of income and expenses to categories within the SOFA has changed. These changes have no effect on the Balance Sheet of the surplus generated in prior years.

The directors are of the opinion that the charity has only one activity, namely assisting rural communities in Scotland to relieve poverty. Accordingly, no split of expenditure by activity has been given in the notes to these accounts.

1.2 Incoming resources

Voluntary income including donations and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods, or when the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from generating funds, namely, sub-letting of office space, is recognised as earned.

Income from investments, namely bank interest, is included in the year in which it is receivable.

1.3 Resources expended

Expenditure is recognised on an accruals basis when a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Costs of generating funds are those costs incurred in attracting voluntary income.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

1 4 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Office equipment and furniture	33 33% straight line
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1 5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Pensions

The pension costs charged in the financial statements represent the contribution payable by the charity during the year

2 Voluntary income

	2006	2005
	£	£
Donations	25	
Communities Scotland	3,000	2,500
The Tudor Trust	15,000	10,000
Tulloch Homes Conference Sponsorship	7,500	
Scottish Community Foundation	2,000	
Membership fees	1,545	1,365
	29,070	13,865

3 Activities for generating funds

	2006	2005
	£	£
Rental income	1,700	
	1,700	

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

4 Investment income

	2006	2005
	£	£
Interest received	628	613
	<u>628</u>	<u>613</u>

5 Incoming resources from charitable activities

	2006	2005
	£	£
Sales and Fees	14,546	
Conference delegate fees	10,095	7,560
The Scottish Executive	32,000	31,000
The Tudor Trust	5,000	
Nationwide Foundation		10,000
Cairngorms National Park	15,000	
	<u>76,641</u>	<u>48,560</u>

6 Costs of generating voluntary income

	2006	2005
	£	£
Consultancy fees		1,175
	<u></u>	<u>1,175</u>

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

7. Costs of charitable activities

	2006 £	2005 £
Staff costs	53,931	43,900
Premises costs	4,370	3,448
Running costs	4,185	2,435
Meeting, travel and conference costs	10,467	7,571
Legal, professional and consultancy fees	5,278	1,728
Bank charges	74	157
Depreciation	1,323	1,026
	<u>79,628</u>	<u>60,265</u>

8 Governance costs

	2006 £	2005 £
Audit	1,322	998
AGM and directors meetings	1,152	265
	<u>2,474</u>	<u>1,263</u>

9. Net incoming resources for the year

	2006 £	2005 £
Net incoming resources is stated after charging		
Depreciation and other amounts written off tangible assets	1,323	1,026
Auditors' remuneration	1,322	998
	<u>2,645</u>	<u>1,994</u>

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

10 Employees

Number of employees

The average monthly numbers of employees during the year were

2006 Number	2005 Number
<u>2</u>	<u>2</u>

Employment costs

	2006 £	2005 £
Wages and salaries	45,736	36,963
Social security costs	3,356	2,890
Other pension costs	4,839	4,047
	<u>53,931</u>	<u>43,900</u>

There were no employees who received remuneration of over £60,000 in the period

11 Directors' emoluments

No directors or any persons connected with them received remuneration in the period. Four directors and two board members were reimbursed £1,041 (2005 £392) in travel expenditure during the year.

12 Pension costs

The company provides a defined benefit scheme in respect of one of its employees. The pension cost included in staff costs is the contribution due from the charity for the year and amounted to £4,839 (2005 £4,047).

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

13	Tangible fixed assets	Office equipment & furniture	Total
		£	£
	Cost		
	At 1 April 2005	4,692	4,692
	Additions	891	891
	At 31 March 2006	<u>5,583</u>	<u>5,583</u>
	Depreciation		
	At 1 April 2005	3,665	3,665
	Charge for the year	1,323	1,323
	At 31 March 2006	<u>4,988</u>	<u>4,988</u>
	Net book values		
	At 31 March 2006	<u>595</u>	<u>595</u>
	At 31 March 2005	<u>1,027</u>	<u>1,027</u>
14	Debtors	2006	2005
		£	£
	Trade debtors	7,061	1,225
	Prepayments and accrued income	89	127
		<u>7,150</u>	<u>1,352</u>
15	Creditors amounts falling due within one year	2006	2005
		£	£
	Other taxes and social security costs	1,949	994
	Other creditors	324	
	Accruals and deferred income	1,828	3,013
		<u>4,101</u>	<u>4,007</u>

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 March 2006 as represented by			
Tangible fixed assets	595		595
Current assets	27,101	23,685	50,786
Current liabilities	(3,613)	(488)	(4,101)
	<u>24,083</u>	<u>23,197</u>	<u>47,280</u>

17	Unrestricted funds	1 Apr '05 £	Incoming £	Outgoing £	Transfers £	31 Mar '06 £
	Unrestricted Funds	11,343	83,039	(71,190)	891	24,083
		<u>11,343</u>	<u>83,039</u>	<u>(71,190)</u>	<u>891</u>	<u>24,083</u>

Purposes of unrestricted funds

Unrestricted Funds can be used in accordance with the charitable objects at the discretion of the directors

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

18 Restricted funds	1 Apr '05	Incoming	Outgoing	Transfers	31 Mar '06
	£	£	£	£	£
Rural Housing Enabler Argyll Islands	10,000		(2,520)		7,480
Rural Housing Annual Conference		3,000	(3,000)		
Iona Housing Partnership		5,000	(4,456)		544
Communication Strategy		2,000	(936)	(891)	173
Rural Housing Enabler Aberdeenshire		15,000			15,000
	<u>10,000</u>	<u>25,000</u>	<u>(10,912)</u>	<u>(891)</u>	<u>23,197</u>

Purposes of restricted funds

Rural Housing Enabler Argyll Islands

A grant of £10,000 was received in the previous year from the Nationwide Foundation towards the salary of the development worker who commenced employment with the charity during the year

Rural Housing Annual Conference

In addition to sponsorship from Tulloch Homes at the annual conference, a grant of £3,000 was received from Communities Scotland to cover bursaries for delegate fees, travel and subsistence costs of community representatives from remote rural communities to enable them to attend the Rural Housing Service Annual Conference

Rural Housing Partnership

The Tudor Trust provided a grant of £5,000 towards Iona Housing Partnership expenditure

Communication Strategy

A grant of £2,000 was received from the Scottish Community Foundation to help improve communication with and services to rural communities and increase user participation in the management and strategy of the Rural Housing Service. The grant was used to improve the website and purchase computer equipment

Rural Housing Enabler Aberdeenshire

Cairngorms National Park Authority contributed £15,000 towards the salary of the Rural Housing Enabler in Aberdeenshire, who will be employed in 2006/07

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

19 Pension arrangements

Rural Housing Service participates in the SFHA Pension Scheme

The SFHA Pension Scheme is a multi employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Rural Housing Service paid contributions at the rate of 12.2% for the period to 31 March 2005 and 14% thereafter. Member contributions were 6.0% for the period to 31 March 2005 and 7.0% thereafter.

As at the balance sheet date there was 1 active member of the Scheme employed by the charity. The charity continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2003 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £143 million.

The valuation revealed a shortfall of assets compared to liabilities of £37 million (equivalent to a past service funding level of 80%).

Investment return pre retirement	7.8
Investment return post retirement	5.2
Rate of salary increases	4.0
Rate of pension increases	2.5
(for leavers before 1 October 1993 pension increases are 5%)	
Rate of price inflation	2.5

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

The employers' ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9.3% of pensionable salaries

Following consideration of the results of the actuarial valuation it was agreed that, with effect from 1 April 2005

The standard employer contribution rate would be increased from 12.2% to 14.0% of pensionable salaries

Member contributions would be increased from 6.0% to 7.0% of pensionable salaries

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on going funding basis, by 30 September 2015

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy out debt

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

20 Financial commitments

At 31 March 2006 the company had annual commitments under non cancellable operating leases as follows

	2006	2005
	£	£
Expiry date		
Within one year	<u>3,754</u>	<u>3,642</u>

Rural Housing Service

Notes to the financial statements for the year ended 31 March 2006

21 Related party transactions

The Rural Housing Service contracted administrative and financial services from Scottish Churches Housing Action during the year, and office space until January 2005 when Rural Housing Service moved premises. Alastair Cameron, who is a director of Rural Housing Service is the Chief Executive of Scottish Churches Housing Action. None of the directors of Scottish Churches Housing Action were directors of Rural Housing Service. The amount paid for these services during the year came to £400 (2005 £3,233)

Rural Housing Service

Detailed income and expenditure account for the year ended 31 March 2006

	2006		2005	
	£	£	£	£
Income				
Voluntary Income				
Donations	25			
Communities Scotland	3,000		2,500	
The Tudor Trust	15,000		10,000	
Tulloch Homes Conference Sponsorship	7,500			
Scottish Community Foundation	2,000			
Membership fees	1,545		1,365	
	<u> </u>	29,070	<u> </u>	13,865
Activities for generating funds				
Rental income	1,700			
	<u> </u>	1,700	<u> </u>	
Investment income				
Interest received	628		613	
	<u> </u>	628	<u> </u>	613
Income from charitable activities				
Sales and Fees	14,546			
Conference delegate fees	10,095		7,560	
The Scottish Executive	32,000		31,000	
The Tudor Trust	5,000			
Nationwide Foundation			10,000	
Cairngorms National Park	15,000			
	<u> </u>	76,641	<u> </u>	48,560
Total income		108,039		63,038
Total expenditure		(82,102)		(62,703)
Net surplus for the year		<u>25,937</u>		<u>335</u>

Rural Housing Service

Schedule of expenditure for the year ended 31 March 2006

Expenditure	2006		2005	
	£	£	£	£
Costs of generating voluntary income				
Consultancy fees			1,175	
				1,175
Charitable activities				
Wages and salaries	45,736		36,963	
Employer's NI contributions	3,356		2,890	
Staff pension costs	4,839		4,047	
Property costs	3,801		3,069	
Staff training and recruitment	1,219		523	
Insurance	569		379	
Printing, postage, stationery & office	1,682		780	
Telephone	1,284		1,132	
Meeting, travel and conference costs	10,467		7,571	
Legal and professional	822		329	
Fees for external advice	4,456		1,399	
Depreciation on FF & equipment	1,323		1,026	
Bank charges	74		157	
		79,628		60,265
Governance Costs				
Audit	1,322		998	
AGM and directors meetings	1,152		265	
		2,474		1,263
Total expenditure		<u>82,102</u>		<u>62,703</u>