

**Rural Housing Service**  
**Report and Financial Statements**  
**for the year ended 31 March 2010**

**Charity number: SC031239**  
**Company number: SC216096**

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## **Rural Housing Service**

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## **Rural Housing Service**

### **Legal and Administrative Information**

<b>Charity name</b>	Rural Housing Service	
<b>Charity registration number</b>	SC031239	
<b>Company registration number</b>	SC216096	
<b>Directors</b>	Madhu Satsangi Peter James Pearson Raymond Kennedy Young CBE Alastair Ian Cameron Sarah Jane Laing Martin Pollhammer Sue Manning Wendy Jesson	Convenor (since February 2010) Treasurer      resigned 16 September 2009 resigned 16 September 2009
<b>Adviser</b>	Ritchie Johnson Clare Jones Neil Stephen Neil Clapperton David Cousland	resigned January 2010   co-opted 28 January 2010 co-opted 25 March 2010
<b>Company secretary</b>	Derek William Logie	
<b>Principal office and Registered office</b>	55 Newtown Street Duns TD11 2AS	
<b>Auditors</b>	Alexander Sloan Chartered Accountants 1 Atholl Place Edinburgh EH3 8HP	
<b>Bankers</b>	Bank of Scotland The Mound Edinburgh EH1 1YZ	

**Rural Housing Service**  
**Directors' Annual Report**  
**for the year ended 31 March 2010**

The directors present their report and the financial statements of the charity for the year ended 31 March 2010.

**Directors**

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 are detailed on page 1.

**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 Board of Directors, known as 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).

**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 systems have been established to mitigate those risks.

**Rural Housing Service**  
**Directors' Annual Report**  
**for the year ended 31 March 2010**

**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 enhance our input to rural housing policy development and build relations with Government and Parliament, to work with rural communities and individuals across Scotland to develop practical housing projects and develop further Rural Housing Enabler projects.

**ACHIEVEMENTS AND PERFORMANCE**

The RHS met and advised 41 rural communities in 2009/10 : Iona, Comrie, Ardfarn, Harburn, Fetlar, Ballater, Tarland, Haddo, Strathdon, Drummuir, Whitehills, Portsoy, Sandend, Turriff, Dinnett, Logie Coldstone, Aboyne, Strachan, Drumoak, Aberdour, Crathes, Fyvie, Fintray, West Feughside, Torphins, Alford, Newtonhill, Strichen, Westhill, Buckie, Cullen, Fochabers, Altyre, Brodie, Dunphail, Darnaway, Portgordon, Spey Bay, Dallas, Dyke, and Portknockie. This is slightly higher than the target established for this year. Communities first contacted in 2008/09 are Comrie, Harburn, Cullen, Buckie, Fochabers, Dallas, Portsoy, Sandend, Turriff, Dinnett, Strachan, Drumoak, Aberdour, West Feughside, Newtonhill, Strichen, Altyre, Brodie, Darnaway, Portgordon, Spey Bay, Dallas, Dyke, and Portknockie.

## **Rural Housing Service**

### **Directors' Annual Report for the year ended 31 March 2010**

In Iona we helped the community acquire land from the Church of Scotland upon which 5 affordable houses will be built through the Rural Homes for Rent Scheme, in Comrie we provided advice to a community group on providing affordable housing, in Ardfarn we researched housing needs for the community company, in Harburn we advised a landowner on how to make plots available for Rural Home Ownership Grants, in Fetlar, we continued to provide advice to the local community on the possible buy-out of council housing ; in Ballater we provided further housing advice to guide the development of a community plan, in Tarland we helped the local landowner secure REPG funding to renovate an empty cottage, in Haddo we supported the local estate in their successful application to provide 12 affordable houses for rent, in Strathdon we helped a local landowner get a REPG to bring a cottage back into use, in Drummuir we helped the local estate with their successful bid for 4 houses to the RHFR fund, in Whitehills, Portsoy, Sandend we met with the local community to discuss housing options, in Turriff we initiated a project to utilise council land for RHOG development, in Dinnet we advised on the development of an REPG project, in Logie Coldstone we undertook a housing needs study and identified land for development by the local housing association, in Aboyne, Strachan, Drumoak, Aberdour, Crathes, Fyvie, Fintray, West Feughside, Torphins, Alford, Newtonhill, Strichen and Westhill we met with the local community to discuss housing options, in Buckie, Cullen, Fochabers, Altyre, Brodie, Dunphail, Darnaway, Portgordon, Spey Bay, Dallas, Dyke, and Portknockie we met with the community and undertook a housing needs survey.

Eighteen housing needs surveys were undertaken by the Rural Housing Service in Ardfarn, Buckie, Cullen, Fochabers, Altyre, Brodie, Dunphail, Darnaway, Portgordon, Spey Bay, Dallas, Dyke, Portknockie, Strachan, Whitehills, Portsoy, Sandend and Logie Coldstone. As a result of these studies it is expected that new housing developments will emerge, with discussions initiated with Aberdeenshire Housing Partnership at Logie Coldstone and Fyne Homes at Ardfarn.

Research undertaken by the Rural Housing Service in 2008/09 and continued support this year has led to new REPG affordable housing in Tarland and Strathdon, RHFR funds committed at Drummuir (4 houses) and Haddo (12 houses), and new housing association development of 7 houses at Tyndrum.

The Rural Housing Service promotes the use of rural grants such as RHOGs, REPG and Rural Homes for Rent to individuals, landowners and communities across Scotland. In 2009/10 advice on home ownership options such as RHOGs and the Open Market Shared Equity Pilot was provided to a total of 96 individuals. We also provided support on REPG and RHFR to 24 private and community landowners. Other enquiries answered 23 regarding planning for housing in the countryside ; 42 from individuals looking to move to the country and 57 about different housing options. A total of 242 enquiries, a decrease from 2008/09 perhaps reflecting the current economic climate.

Negotiations have continued with Loch Lomond & the Trossachs National Park Authority regarding the appointment of a Rural Housing Enabler in the Park. The Park Authority have identified a budget for this and it is hoped that an Enabler project will be developed in the course of the next financial year. Adaptations to the remit of the Rural Housing Enabler in Perth & Kinross meant that this appointment was made in house by the local authority. Research was also carried out with East Lothian Council to help them develop routes to enable the development of affordable housing in rural East Lothian.

**Rural Housing Service**  
**Directors' Annual Report**  
**for the year ended 31 March 2010**

Alex Neil MSP, Minister for Housing and Communities gave the keynote speech to our 2009/10 Annual Conference Building Inclusive Rural Communities. Despite the weather it attracted over 100 bookings from across the country to discuss sustaining and developing our rural communities. We received a grant of £1000 from the Scottish Centre for Regeneration to enable the conference to contribute to the development of Learning Networks.

We made detailed responses to the consultation on the Housing Bill, Crofting Bill and the Scottish Planning Policy Consolidation. The latter involved a consultative meeting with the report author. During 2009/10 we made presentations to the Rural & Islands Housing Association Forum Conference, the Chartered Institute of Housing Conference, and the Scottish National Rural Network Gathering.

We are a key stakeholder on rural housing issues for the Scottish Government in housing, planning and rural policy fields. Our Chief Executive is a member of the Rural Development Council and Rural Policy Round Table and was interviewed on a number of occasions by newspaper and radio journalists during the year.

Our AGM held at the Scottish Parliament attracted MSPs and members to hear of the progress being made by the RHS and the main issues in rural housing.

We held 4 board meetings in 2009/10. Our board includes representatives from the private sector ( Sarah Jane Laing, SRPBA, Neil Stephen, Dualchas, Skye, and David Cousland, Triodos Bank, East Lothian) ; housing associations (Neil Clapperton, Grampian Housing Association, Martin Pollhammer, East Lothian Housing Association) ; communities (Raymond Young, Dunning ; Clare Jones, Tiree ; Peter Pearson, Sherrifmuir) ; voluntary sector (Alastair Cameron, SCHA) and academia (Madhu Satsangi, University of Stirling).

Madhu Satsangi become Convenor of the RHS on the 25th March 2010 following the retirement of Raymond Young at our conference in February. Raymond is to take on the role of membership secretary to expand our membership. Neil Stephen was elected to the board for the first time at the 2009 AGM, alongside returning members : Sarah Jane Laing, Clare Jones, Martin Pollhammer, Raymond Young, Peter Pearson, Alastair Cameron and Madhu Satsangi. Neil Clapperton was co-opted to the Board on the 28th January 2010 and David Cousland co-opted at our Board meeting on the 25th March 2010.

During the year we have undertaken research into housing needs in 18 rural communities. We held a seminar on the Rural Homes for Rent grant for applicants in Aberdeenshire and organised a seminar on Zero HAG development with Grampian HA.

## **FINANCIAL REVIEW**

The charity had a deficit of £10,322 for the year and had accumulated reserves of £7,768 at the balance sheet date.

**Rural Housing Service**  
**Directors' Annual Report**  
**for the year ended 31 March 2010**

**Reserves policy**

The directors consider an unrestricted fund of approximately three months operating costs to be prudent for the efficient operation of the service. In 2009/10 our general reserves fell by £10,322, from £18,090 to £7,768. This is lower than our reserves policy which seeks to ensure that the organisation has reserves equivalent to three months core operating costs - approximately £18,000. Reserves are set at this level to ensure that the commitments of the service are protected by reserves and not solely dependent on current year funding.

The Board have therefore implemented a number of measures in the current financial year to ensure that reserves are brought back to the level set by our policy by the end of 2010/11. These include a reduction in the hours worked by our Administrator, lower rates of travel expenses, lower conference costs and a reduction in office costs. These planned reductions in expenditure are projected to enable the organisation to generate a surplus of £10,000 in 2010/11 and will bring our reserves back in line with our policy by 31 March 2011.

**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**

The trustees (who are also directors of Rural Housing Service for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.



**Rural Housing Service**  
**Directors' Annual Report**  
**for the year ended 31 March 2010**

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

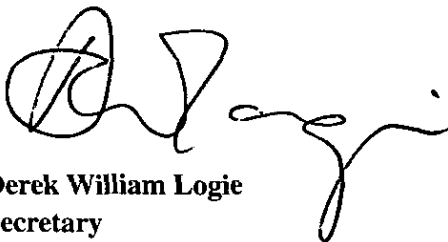
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the directors on 30 September 2010 and signed on their behalf by



**Derek William Logie**  
Secretary

## **Rural Housing Service**

### **Independent Auditors' Report to the Directors of Rural Housing Service**

We have audited the financial statements of Rural Housing Service for the year ended 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The 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 April 2008).

This report is made exclusively to the charity's directors, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's directors 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 its directors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors have elected for the financial statements not to be audited in accordance with the Companies Act 2006. Accordingly we have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with that Act.

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 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the Directors' Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records, if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Annual 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 charity'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.

## **Rural Housing Service**

### **Independent Auditors' Report to the Directors of Rural Housing Service (continued)**

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.



**Isobel Gray CA FCCA (Senior statutory auditor)**

**for and on behalf of**

**Alexander Sloan**

**Chartered Accountants and**

**Statutory Auditors**

**1 Atholl Place**

**Edinburgh**

Eligible to act as auditors in terms of section 1212 of the Companies Act 2006

**Rural Housing Service**  
**Statement of Financial Activities**  
**(Incorporating Income and Expenditure Account)**  
**for the year ended 31 March 2010**

	Notes	Unrestricted funds £	Restricted funds £	2010 Total £	2009 Total £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	2,550	-	2,550	9,350
Investment income	3	28	-	28	572
<b>Incoming resources from charitable activities</b>					
	4	49,776	59,200	108,976	98,505
<b>Total incoming resources</b>		<u>52,354</u>	<u>59,200</u>	<u>111,554</u>	<u>108,427</u>
<b>Resources expended</b>					
<b>Charitable activities</b>	5	(59,630)	(59,844)	(119,474)	(124,997)
<b>Governance costs</b>	6	(2,402)	-	(2,402)	(3,111)
<b>Total resources expended</b>		<u>(62,032)</u>	<u>(59,844)</u>	<u>(121,876)</u>	<u>(128,108)</u>
<b>Net resources expended before transfers</b>					
		(9,678)	(644)	(10,322)	(19,681)
Gross transfers between funds		(644)	644	-	-
<b>Net movement in funds</b>		<u>(10,322)</u>	<u>-</u>	<u>(10,322)</u>	<u>(19,681)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		18,090	-	18,090	37,771
<b>Total funds carried forward</b>		<u>7,768</u>	<u>-</u>	<u>7,768</u>	<u>18,090</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

# Rural Housing Service

## Balance Sheet as at 31 March 2010

	Notes	2010		2009	
		£	£	£	£
<b>Current assets</b>					
Debtors	11	32,428		23,822	
Cash at bank and in hand		6,815		20,202	
		<u>39,243</u>		<u>44,024</u>	
<b>Creditors: amounts falling due within one year</b>	12	(31,475)		(25,934)	
<b>Net current assets</b>			7,768		18,090
<b>Net assets</b>			<u>7,768</u>		<u>18,090</u>
<b>Funds</b>					
Unrestricted funds	14		7,768		18,090
			<u>7,768</u>		<u>18,090</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board on 30 September 2010 and signed on its behalf by

*Madhu Satsangi*

**Madhu Satsangi**  
Convenor

SC216096

The notes on pages 12 to 21 form an integral part of these financial statements.

## **Rural Housing Service**

### **Notes to the Financial Statements for the year ended 31 March 2010**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### **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 investments, namely bank interest, is included in the year in which it is receivable.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

##### **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.

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

Fixtures, fittings  
and equipment - 33.33% straight line

##### **1.4. Leasing**

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

## Rural Housing Service

### Notes to the Financial Statements for the year ended 31 March 2010

#### 1.5. Pensions

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

#### 2. Voluntary income

	2010	2009
	£	£
Conference grants	2,000	8,615
Membership fees	550	735
	<u>2,550</u>	<u>9,350</u>

#### 3. Investment income

	2010	2009
	£	£
Interest received	28	572
	<u>28</u>	<u>572</u>

#### 4. Incoming resources from charitable activities

	2010	2009
	£	£
Sales and fees	-	9,653
Conference delegate fees	12,776	15,725
The Scottish Executive	37,000	37,000
The Tudor Trust	-	3,237
Aberdeenshire Council	22,700	-
East Lothian Council	8,000	-
MacRobert Trust	-	5,000
Cairngorms National Park	7,500	7,500
Moray Council	21,000	19,690
Strutt and Parker grant	-	200
SRPBA	-	500
	<u>108,976</u>	<u>98,505</u>

## Rural Housing Service

### Notes to the Financial Statements for the year ended 31 March 2010

#### 5. Costs of charitable activities

	2010 £	2009 £
Staff costs	98,387	97,513
Premises costs	2,754	2,226
Running costs	5,123	7,515
Motor and travel costs	13,130	16,912
Interest and finance charges	80	109
Depreciation	-	722
	<u>119,474</u>	<u>124,997</u>

#### 6. Governance costs

	2010 £	2009 £
Audit	1,980	1,825
AGM and Directors' meetings	422	1,286
	<u>2,402</u>	<u>3,111</u>

#### 7. Net resources expended for the year

	2010 £	2009 £
Net resources expended is stated after charging:		
Depreciation and other amounts written off tangible assets	-	722
Auditors' remuneration	1,980	1,825
	<u>1,980</u>	<u>1,825</u>



## Rural Housing Service

### Notes to the Financial Statements for the year ended 31 March 2010

#### 8. Employees

##### Number of employees

The average monthly numbers of employees during the year were:

2010 Number	2009 Number
4	4

##### Employment costs

	2010 £	2009 £
Wages and salaries	85,472	84,862
Social security costs	6,822	6,678
Other pension costs	6,093	5,973
	<u>98,387</u>	<u>97,513</u>

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

#### 9. Directors' emoluments

No directors or any persons connected with them received remuneration in the period. Three directors were reimbursed a total of £253 (2009 - £1,197) in travel expenditure during the year.

#### 10. Tangible fixed assets

	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
At 1 April 2009	6,553	6,553
At 31 March 2010	<u>6,553</u>	<u>6,553</u>
<b>Depreciation</b>		
At 1 April 2009	6,553	6,553
At 31 March 2010	<u>6,553</u>	<u>6,553</u>
At 31 March 2010	<u>-</u>	<u>-</u>
At 31 March 2009	<u>-</u>	<u>-</u>

# Rural Housing Service

## Notes to the Financial Statements for the year ended 31 March 2010

<b>11. Debtors</b>	<b>2010</b>	<b>2009</b>	
	<b>£</b>	<b>£</b>	
Trade debtors	32,320	23,720	
Prepayments and accrued income	108	102	
	<u>32,428</u>	<u>23,822</u>	
<b>12. Creditors: amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>	
	<b>£</b>	<b>£</b>	
Trade creditors	758	1,446	
Other taxes and social security costs	2,238	-	
Accruals and deferred income	28,479	24,488	
	<u>31,475</u>	<u>25,934</u>	
<b>13. Analysis of net assets between funds</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fund balances at 31 March 2010 as represented by:			
Current assets	12,703	26,540	39,243
Current liabilities	(4,935)	(26,540)	(31,475)
	<u>7,768</u>	<u>-</u>	<u>7,768</u>

## Rural Housing Service

### Notes to the Financial Statements for the year ended 31 March 2010

14. Unrestricted funds	1 Apr '09	Incoming	Outgoing	Transfers	31 Mar '10
	£	£	£	£	£
Unrestricted Funds	18,090	52,354	(75,383)	(644)	(5,583)
	<u>18,090</u>	<u>52,354</u>	<u>(75,383)</u>	<u>(644)</u>	<u>(5,583)</u>

#### Purposes of unrestricted funds

##### *Unrestricted Funds*

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

15. Restricted funds	1 Apr '09	Incoming	Outgoing	Transfers	31 Mar '10
	£	£	£	£	£
Rural Housing Enabler - Aberdeenshire	-	30,200	(30,844)	644	-
Rural Housing Enabler - Moray	-	21,000	(21,000)	-	-
Research - East Lothian	-	8,000	(8,000)	-	-
	<u>-</u>	<u>59,200</u>	<u>(59,844)</u>	<u>644</u>	<u>-</u>

#### Purposes of restricted funds

##### *Rural Housing Enabler - Aberdeenshire*

The fund received £22,700 from Aberdeenshire Council and £7,500 from Cairngorm National Park in 2009/10. The Board agreed to continue to fund this project from the charity's own resources by using general reserves to cover the deficit and by allocating no management charge.

##### *Rural Housing Enabler - Moray*

The fund received £21,000 from Moray Council during the year to fund the post of the Rural Housing Enabler in Moray.

##### *Research - East Lothian*

The fund received £8,000 from East Lothian Council during the year for research into routes to enable the development of affordable housing in rural East Lothian.

## **Rural Housing Service**

### **Notes to the Financial Statements for the year ended 31 March 2010**

#### **16. Financial commitments**

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within one year	<u>1,019</u>	<u>1,524</u>

#### **17. Contingent liabilities**

Rural Housing Service has a contingent liability of £97,193, which arises from the Pension Scheme (see note 19).

#### **18. Related party transactions**

There were no related party transactions during the year.

## **Rural Housing Service**

### **Notes to the Financial Statements for the year ended 31 March 2010**

#### **19. Retirement benefit obligations**

Rural Housing Service participates in the SFHA Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

## **Rural Housing Service**

### **Notes to the Financial Statements for the year ended 31 March 2010**

#### **19. Retirement benefit obligations (Contd.)**

##### **Employer Debt Regulations**

1. The Employer Debt Regulations were introduced in September 2005 following a change in legislation. This legislation was revised in the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008 (SI 2008/731) ('the Regulations') which came into force on 6 April 2008.

2. An employer debt will arise if one of the following events occurs at a time when the Scheme is not fully funded on a buy-out basis:

- a. The commencement of winding up of the Scheme.
- b. An employer becomes insolvent.
- c. An Employer Cessation Event.

3. An Employer Cessation Event occurs when an employer ceases to participate in the Scheme, i.e. it no longer has any active members in the Scheme at a point in time when there is at least one other employer that continues to employ active members in the Scheme.

4. The 2008 Regulations tighten the definition of an Employer Cessation Event. However, it remains the case that an employer will not be deemed to have withdrawn from the Scheme (and hence will not be liable for a debt on withdrawal) provided that it continues to employ at least one person who is an active member of the Scheme.

5. The Scheme Actuary has calculated the employer debt that would have to be payable if your organisation had withdrawn from the SFHA Pension Scheme as at 30 September 2009.

6. The suggested Pensions Disclosure Note includes conditional paragraphs. The appropriate choice of paragraph for each employer will depend on the accounting treatment adopted by the employer, in particular whether or not a provision is made for the employer debt.

7. Under FRS17 an employer should only provide in the balance sheet for the potential debt on withdrawal if it is demonstrably committed as at the balance sheet date to an event that would make the liability crystallise. For example, if an employer has made the decision prior to the balance sheet date to close the Scheme to future accrual at some date in the future, then this would crystallise an employer debt on the date that the Scheme was closed to future accrual (unless the Scheme was fully funded on a buy-out basis as at the date the Scheme closed to future accrual).

## **Rural Housing Service**

### **Notes to the Financial Statements for the year ended 31 March 2010**

#### **19. Retirement benefit obligations (Contd.)**

##### **Disclosure in Respect of Employer Debt**

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 buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of 'orphan' liabilities in respect of previous 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 amount of debt can therefore be volatile over time.

Rural Housing Service has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Rural Housing Service was £97,193.13.