

Company No. SC216096  
Charity No. SC031239

**RURAL HOUSING SCOTLAND**  
**(A company limited by guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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## **RURAL HOUSING SCOTLAND**

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## **RURAL HOUSING SCOTLAND**

### **DIRECTORS' REPORT**

The Directors are pleased to present their annual report together with the financial statements for the year ending 31 March 2017 (which are also prepared to meet the requirements for a directors' report and financial statements for the purposes of the Companies Act 2006).

#### **OBJECTIVES & ACTIVITIES**

The principal object for which the charity 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 charity shall have and may pursue all or any of the following activities:

- support rural communities to work in partnership with local and national government and their agencies, housing associations, voluntary bodies and the private sector;
- provide advice, support and information to rural communities and individuals on housing issues and problems;
- establish and support networks linking individuals and groups with an interest in rural housing issues;
- provide information on rural housing issues to increase understanding amongst policy decision makers;
- carry out and publish research projects which increase understanding of rural housing issues and which pilot innovative ways of tackling them;
- seek opportunities for influencing public policy on relevant matters, and advocating on behalf of rural communities.

#### **ACTIVITIES & PERFORMANCE**

We were delighted to see the completion of the two community owned houses at Ulva Ferry, a great achievement for the local community and we were pleased to be able to support the development.

This two house development was one of the first community projects to take advantage of the Rural & Island Housing Fund. We worked with the Scottish Government to promote the new fund, organising events in the Scottish Borders, East Lothian, Argyll, Perth & Kinross and Aberdeenshire.

The new fund has sparked significant interest and creativity within communities across Scotland and we have supported twenty three communities in eight local authority areas to investigate development options. Alongside possible community led rented housing we have been investigating the feasibility of cohousing approaches, collective self build, shared equity development and purchase and renovation of empty property.

We were delighted to welcome the Housing Minister, Kevin Stewart MSP to give the keynote speech to our Annual Conference. This was a very successful event bringing together communities and housing practitioners from across rural Scotland to share knowledge and experience.

Our Island Home continued to make progress working with communities in eight islands to develop their ideas for housing and working with local employers to organise an island housing summit to highlight the need for much more housing development on Mull. We said goodbye however to the Our Island Home Development Officer Jodi Macleod who had been with the project from the beginning - we were sad to lose her talents. Thanks to the continued support of the Princes Countryside Fund we have been able to recruit a new person to the role, Cameron Anson.

We undertook research on the possible development of Mutual Home Ownership Cooperatives in rural Scotland thanks to funding from Investing in Ideas from the Big Lottery and have compiled research for the Rural & Islands Housing Association Forum on rural housing investment.

Rural Housing Scotland is a member of the Joint Housing Policy and Delivery Group, the Rural Fuel Poverty Task Force, the Scottish Empty Homes Partnership, Rural + Island Housing Association Forum, the Scottish Rural Parliament Advisory Forum and attends the Scottish Government Land Use Strategy Group and the Cross Party Group on Rural Policy.

**RURAL HOUSING SCOTLAND**  
**DIRECTORS' REPORT (CONTD)**

**FINANCIAL REVIEW**

Total income was £121,247 including the pension deficit remeasurement adjustment of £30,453 (refer to note 3) (2016: £154,127) and incurred a total of £94,704 (2016: £136,975) by way of expenditure leaving net income of £26,543 (2016: £17,152) as shown in the Statement of Financial Activities. The company's main source of income during the year was grant income from the Scottish Government. The company received additional funding of £50,000 in the previous year which was used towards the cost of a feasibility study. The company's main item of expenditure continues to be staff costs.

In respect of reserves, the Directors have a policy of maintaining reserves to protect against unforeseen fluctuations in income. The policy is to maintain unrestricted general funds at a level which would enable the company to continue the provision of services if its sources of income were to cease or be delayed significantly in their payment. The Directors consider that it is prudent for them to aim to cover three months expenditure by way of reserve. At 31 March 2017, the balance on the available unrestricted general fund is being built upon to provide an adequate reserve in accordance with this policy. The Directors note the impact of the inclusion of the pension deficit liability on reserves.

**PLANS FOR THE FUTURE**

In the coming year we are looking forward to bringing to fruition many of the projects currently being investigated by rural communities to take advantage of the opportunities offered by the Rural Housing Fund and Island Housing Fund.

We will continue to work to secure appropriate investment in rural housing. We will engage with national and local government to ensure that housing policy meets the needs of rural communities. We will highlight innovation and good practice at our national conference and work in partnership to ensure that the housing needs of rural communities are met and that community led housing delivery plays a major role in this.

**STRUCTURE, GOVERNANCE & MANAGEMENT**

Rural Housing Scotland is a company limited by guarantee and is governed by its Memorandum and Articles of Association, and as such has no share capital.

Directors are elected at the Annual General Meetings or co-opted by the Board of Directors, known as the Council of Management. The Council is comprised of Directors and other co-opted members. New directors receive appropriate induction and training.

The Directors assess the major risks to which the company is exposed on an ongoing basis and have established procedures to mitigate those identified as a result of those reviews.

**ADMINISTRATIVE DETAILS**

<b>Charity number</b>	SC031239
<b>Company number</b>	SC216096
<b>Registered office</b>	Brewery Park Business Centre, Brewery Park, Haddington, EH41 3HA
<b>Directors</b>	Alastair Cameron (Convenor) Dr Madhu Satsangi (Treasurer) Neil Clapperton Prof Sarah Skerratt Angela Williams Dr Andrene McKee Deborah Mackay Norma Robson
<b>Company secretary</b>	Derek Logie

**RURAL HOUSING SCOTLAND**  
**DIRECTORS' REPORT (CONTD)**

**DIRECTORS' RESPONSIBILITIES**

The Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the company 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 its incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing the financial statements the Trustees 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 and Statements of Recommended Practice have been followed, subject to any material 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 charitable company will continue in operation.

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 to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 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.

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

**BY ORDER OF THE BOARD OF DIRECTORS:**

  
\_\_\_\_\_  
Derek Logie  
Secretary

27 September 2017

**INDEPENDENT EXAMINERS REPORT TO THE DIRECTORS OF  
RURAL HOUSING SCOTLAND**

I report on the financial statements for the charity for the year ended 31 March 2017, which are set out on pages 5 to 12.

***Respective responsibilities of Directors & independent examiner***

The Directors (who are also the Trustees of the charity for the purposes of charity law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Directors consider that the audit requirements of Regulation 10(1) (a) to (c) of the 2006 Accounts Regulations (as amended) does not apply. It is my responsibility to examine the financial statements as required under section 44(1) (c) of the 2005 Act and to state whether particular matters have come to my attention.

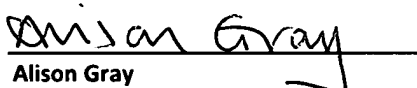
***Basis of independent examiner's statement***

My examination is carried out in accordance with Regulation 11 of the 2006 Regulations (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented, with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the Directors concerning such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

***Independent examiner's statement***

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Regulations (as amended), and
  - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Regulations (as amended)have not been met, or
2. to which, in my opinion, attention should be drawn in order to enable proper understanding of the financial statements to be reached.



Alison Gray  
Chartered Accountant  
Le Noyer, Ettrick Terrace  
Selkirk  
TD7 4LE

21/10/17

**RURAL HOUSING SCOTLAND**

**STATEMENT OF FINANCIAL ACTIVITIES**

(Incorporating Income & Expenditure Account)

**For the Year Ended 31 March 2017**

(As restated)

		<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total funds 2017</b>	<b>Total funds 2016</b>
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income from:</b>					
Grants	<b>2</b>	50,000	22,000	72,000	125,000
Sponsorship		1,000	-	1,000	5,500
Conference & membership income		15,694	-	15,694	17,522
Contracts		2,100	-	2,100	6,105
Pension deficit remeasurement	<b>3</b>	<u>30,453</u>	<u>-</u>	<u>30,453</u>	<u>-</u>
<b>TOTAL INCOME</b>		<u>99,247</u>	<u>22,000</u>	<u>121,247</u>	<u>154,127</u>
<b>Expenditure on:</b>					
Staff costs	<b>4</b>	47,794	17,500	65,294	67,252
Other costs	<b>4</b>	<u>24,910</u>	<u>4,500</u>	<u>29,410</u>	<u>69,723</u>
<b>TOTAL EXPENDITURE</b>		<u>72,704</u>	<u>22,000</u>	<u>94,704</u>	<u>136,975</u>
<b>NET INCOME</b>		26,543	-	26,543	17,152
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<u>(32,098)</u>	<u>-</u>	<u>(32,098)</u>	<u>(49,250)</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>9</b>	<u>(5,555)</u>	<u>-</u>	<u>(5,555)</u>	<u>(32,098)</u>

The notes on pages 7 to 12 form part of these financial statements.

## RURAL HOUSING SCOTLAND

## BALANCE SHEET

As at 31 March 2017

Charity No. SCO31239

Company No. SC216096

		2017		(As restated) 2016	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	5		325		1,042
<b>CURRENT ASSETS</b>					
Debtors	6	14,600		7,260	
Cash at bank and in hand		<u>17,208</u>		<u>22,306</u>	
		31,808		29,566	
<b>LIABILITIES</b>					
Creditors: <i>amounts falling due within one year</i>	7	<u>(16,699)</u>		<u>(8,189)</u>	
<b>NET CURRENT ASSETS</b>			15,109		21,377
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			15,434		22,419
Creditors: <i>Amounts falling due after more than one year</i>	8		<u>(20,989)</u>		<u>(54,517)</u>
<b>TOTAL NET LIABILITIES</b>			<u>(5,555)</u>		<u>(32,098)</u>
<b>FUNDS OF THE CHARITY</b>					
Unrestricted funds			<u>(5,555)</u>		<u>(32,098)</u>
	9		<u>(5,555)</u>		<u>(32,098)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2017.

The members have not requested the company to obtain an audit of its financial statements for the year ended 31 March 2017 in accordance with section 476 of the Companies Act 2006.

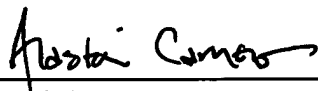
The Directors acknowledge their responsibilities for:

(a) ensuring that the company keeps proper accounting records which comply with Section 386 and 387 of the Companies Act 2006, and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year and of its profit and loss for the financial year in accordance with the requirements of section 394 and 395, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements on pages 7 to 12 were approved by the Directors on 27 September 2017 and were signed by:

  
 Alastair Cameron  
 Director

The notes on pages 7 to 12 form part of these financial statements.



**RURAL HOUSING SCOTLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2017**

**1 ACCOUNTING POLICIES**

***Basis of preparation***

The financial statements have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2015)" (Charities SORP FRS 102); the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); with the Charities and Trustee Investment (Scotland) Act 2005; with the Charities Accounts (Scotland) Regulations 2006 (as amended); with the Companies Act 2006 and with the company's Memorandum and Articles of Association. The company constitutes a public benefit entity as defined by FRS 102.

The financial statements are the company's first financial statements prepared in accordance with FRS 102 and the Charities SORP FRS 102. In preparing the financial statements, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was required. Information on the impact of first time adoption of FRS 102 is given in note 13 to the financial statements.

***Incoming resources***

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Any income such as annual grants received in advance, is included as deferred income within creditors. Income earned from contracts is included when it is receivable. Where donations or grants, including capital grants, are received for a specific purpose, they are included within restricted income and any unexpended portion is carried forward as a restricted fund. Assets or gifts in kind received by the company are recognised as income when received and are included at market value or at an estimate of their value where market value is not readily known.

***Resources expended***

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the company to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings appropriate to the company's circumstances.

***Tangible fixed assets***

Tangible fixed assets are stated at cost less depreciation. Expenditure below £200 is not capitalised. Depreciation is provided on a straight line basis calculated to write off cost less estimated residual value of each asset, over its expected useful life, as follows:

Asset category	Annual rate
Office equipment	33%

***Pensions***

The company operates a defined benefit pension scheme for eligible employees however as described in note 10, the scheme is accounted for as a defined contribution scheme. The assets of the scheme are held separately from those of the company. The annual contributions payable by the company are included within expenditure on the Statement of Financial Activities. The company has entered into a past deficit repayment agreement with The Pensions Trust and in accordance with FRS 102, this discounted past service deficit has been recognised as a liability on the Balance Sheet.

***Funds***

Unrestricted general funds are funds which can be used in accordance with the objects of the charitable company at the discretion of the Directors. Designated funds are the funds set aside by the Directors out of unrestricted general funds for specific future purposes or projects. There are currently no designated funds. Restricted funds are the funds that can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Further explanation of the nature and purpose of each fund is set out in notes to the financial statements.

**RURAL HOUSING SCOTLAND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**  
**For the Year Ended 31 March 2017**

**2 ANALYSIS OF GRANTS INCOME**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Scottish Government (HV grants scheme)	50,000	100,000
The Prince's Countryside Fund (OIH project)	14,000	8,000
Robertson Trust (OIH project)	-	11,000
Argyll & Bute Council (OIH project)	-	3,000
West Highland Housing Association (OIH project)	-	3,000
Big Lottery Fund (Investing in People)	8,000	-
<i>Includes restricted income £22,000 (2016: £25,000)</i>	<u>72,000</u>	<u>125,000</u>
Total grants received/receivable	81,000	125,000
Deferred grants at 31 March 2017	(9,000)	-
Total grants recognised as above	<u>72,000</u>	<u>125,000</u>

**3 PENSION DEFICIT REMEASUREMENT**

The £30,453 credit to the Statement of Financial Activities has arisen because the length of time of the recovery plan has been reduced. Accordingly the pension deficit liability has been reduced by the same amount. Without this credit however, the results for the year would show net expenses of £3,910 instead of net income of £26,543.

**4 ANALYSIS OF EXPENDITURE**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Staff costs</b>		
Gross salaries	57,127	60,721
National insurance	2,957	4,044
Pension	5,210	2,487
<i>Includes restricted expenditure £17,500 (2016: £15,000)</i>	<u>65,294</u>	<u>67,252</u>

The company considers that the Directors and the Company Secretary are its key management personnel. Total employment benefits including employer pension contributions of key management personnel were £49,170 (2016: £46,023).

Expenses reimbursed totalled £81 (2016: £178) in respect of 1 Director (2016: 2 Directors) for services provided to the company. No employee earned more than £60,000 per annum during the year nor in the previous year. The average number of full time equivalent employees during the year was 2 (2016: 2).

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Other costs</b>		
Feasibility study	-	41,971
Project costs	2,144	2,956
Rent	1,416	2,296
Insurance	702	680
Printing, postage, stationery & office costs	854	275
Telephone & internet	1,177	1,345
Meetings, travel & conference costs	17,623	15,386
Legal & professional fees	990	1,294
Sundry expenses	556	545
Pension deficit: interest expense (refer to note 10)	1,307	1,348
Pension deficit: remeasurement adjustment (refer to note 10)	760	(236)
Independent examiner's fee	1,164	1,146
Depreciation	717	717
<i>Includes restricted expenditure £4,500 (2016: £10,000)</i>	<u>29,410</u>	<u>69,723</u>

**RURAL HOUSING SCOTLAND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTD)**

**For the Year Ended 31 March 2017**

**5 FIXED ASSETS**

	<b>Computer Equipt. £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2016	<u>2,152</u>	<u>2,152</u>
At 31 March 2017	<u>2,152</u>	<u>2,152</u>
<b>Depreciation</b>		
At 1 April 2016	1,110	1,110
Charge for year	<u>717</u>	<u>717</u>
At 31 March 2017	<u>1,827</u>	<u>1,827</u>
<b>Net book value</b>		
At 31 March 2017	<u>325</u>	<u>325</u>
At 31 March 2016	<u>1,042</u>	<u>1,042</u>

	<b>2017 £</b>	<b>2016 £</b>
<b>6 DEBTORS</b>		
Trade debtors	<u>14,600</u>	<u>7,260</u>
	<u>14,600</u>	<u>7,260</u>

	<b>( As restated)</b>	
	<b>2017 £</b>	<b>2016 £</b>
<b>7 CREDITORS: amounts falling due within 1 year</b>		
Accruals & deferred income	10,318	1,548
Taxation & social security costs	1,239	1,598
Pension deficit payment provision	<u>5,142</u>	<u>5,043</u>
	<u>16,699</u>	<u>8,189</u>

	<b>( As restated)</b>	
	<b>2017 £</b>	<b>2016 £</b>
<b>8 CREDITORS: amounts falling due after more than 1 year</b>		
Pension deficit payment provision	<u>20,989</u>	<u>54,517</u>
	<u>20,989</u>	<u>54,517</u>

# RURAL HOUSING SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2017

9 ANALYSIS OF CHARITABLE FUNDS	( As restated)			
	<i>Balance</i>	<i>Income</i>	<i>Expenses</i>	<i>Funds</i>
	<i>1/4/16</i>			<i>31/3/17</i>
	£	£	£	£
<b>UNRESTRICTED FUNDS</b>	<u>(32,098)</u>	<u>99,247</u>	<u>(72,704)</u>	<u>(5,555)</u>
<b>Total unrestricted funds</b>	<u>(32,098)</u>	<u>99,247</u>	<u>(72,704)</u>	<u>(5,555)</u>
<b>RESTRICTED FUNDS</b>				
Our Island Home (OIH)	-	14,000	(14,000)	-
Mutual Home Ownership Cooperatives feasibility study	-	8,000	(8,000)	-
<b>Total restricted funds</b>	<u>-</u>	<u>22,000</u>	<u>(22,000)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>(32,098)</u>	<u>121,247</u>	<u>(94,704)</u>	<u>(5,555)</u>

Our Island Home is a project established to help young people access housing on Hebridean Islands. Funds received in the year were from The Prince's Countryside Fund.

Funds were received from the Big Lottery Investing in Ideas Fund to investigate the feasibility of Mutual Home Ownership Cooperatives in Scotland.

## 10 PENSION SCHEME

The company participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

### Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

## RURAL HOUSING SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2017

#### 10 PENSION SCHEME (CONTD)

Unless a concession has been agreed with the Trustee the term to 28 February 2022 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	31.3.17	31.3.16	31.3.15
	£	£	£
Present values of provision	26,131	59,560	63,345
Reconciliation of opening and closing provisions	Period ending 31.3.17	Period ending 31.3.16	
	£	£	
Provision at start of period	59,560	63,345	
Unwinding of the discount factor (interest expense refer to note 4 other costs)	1,307	1,348	
Deficit contributions paid	(5,043)	(4,897)	
Remeasurements - impact of any change in assumptions (refer to note 4 other costs)	760	(236)	
Remeasurements - amendments to the contributions schedule (refer to note 3)	(30,453)	-	
Provision at end of period (disclosed in both creditors notes 7 and 8)	26,131	59,560	
Impact on Statement of Financial Activities	Period ending 31.3.17	Period ending 31.3.16	
	£	£	
Interest expense (refer to note 4 other costs)	1,307	1,348	
Remeasurements - impact of any change in assumptions (refer to note 4 other costs)	760	(236)	
Remeasurements - amendments to the contributions schedule (refer to note 3)	(30,453)	-	
Pension costs (refer to note 4 staff costs)	5,210	2,487	
Assumptions	31.3.17	31.3.16	31.3.15
	% per annum	% per annum	% per annum
Rate of discount	1.06	2.29	2.22

#### 11 GOING CONCERN

The Directors note the position with regards to the pension scheme deficit however are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

#### 12 RELATED PARTY TRANSACTIONS

Other than described in note 4 regarding key management personnel, there were no related party transactions.

## RURAL HOUSING SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2017

#### 13 TRANSITION TO FRS 102

The company has adopted FRS 102 and the Charities SORP FRS 102 for the first time for the year ended 31 March 2017. FRS 102 requires that, in respect of the pension scheme, future contributions in respect of the deficit must now be included as a discounted liability on the Balance Sheet within the financial statements. This is a change in accounting policy and accordingly this means that the relevant prior year figures must be restated using this new policy in order that they give a comparable view of the prior year position. The effect is shown below. This has been the only restatement required under FRS 102.

	£
Reserves as at 1 April 2015 as previously stated	14,095
Adjustment to include pension deficit payment liability	(63,345)
<b>Restated reserves as at 1 April 2015</b>	<b>(49,250)</b>

	£
Reserves as at 31 March 2016 as previously stated	27,462
<b>Prior period adjustment:</b>	
Adjustment to include pension deficit payment liability	(63,345)
<b>In year adjustment:</b>	
Incorporate movement on pension deficit liability	3,785
<b>Restated reserves as at 31 March 2016</b>	<b>(32,098)</b>

	£
Net income for year ended 31 March 2016 as previously stated	13,367
Incorporate movement on pension deficit liability	3,785
<b>Restated net income for the year ended 31 March 2016</b>	<b>17,152</b>