

Company No. SC216096
Charity No. SC031239

RURAL HOUSING SCOTLAND
(A company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



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 2020 (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 charitable 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 charitable company 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.

ACHIEVEMENTS & PERFORMANCE

During 2019/20 Rural Housing Scotland increased its staff complement by 100% doubling in size from two members of staff in 2018/19 to now four members of staff based across the country in Jura, Mull, Fife and East Lothian. Our new members are Kirsten Gow who leads on Communications and Membership and Sam Foster who as a qualified architect has enhanced the development service we provide to communities and the housing feasibility work we can undertake.

In 2019/20 Rural Housing Scotland worked with 24 communities across 10 local authority areas in Scotland to develop projects to meet housing need. Our work with rural communities is essential to building the capacity of communities to take advantage of opportunities such as the Rural Housing Fund (RHF); by providing early support to research local housing needs, explore and develop their ideas, and register their interest, we enable applications to the RHF. Rural and Island Housing Fund projects include support for the development of housing in 14 locations: Braemar, Ballater, Islay, Boat of Garten, Bunessan, Kirknewton, Tiree, Dervaig, Lismore, Easdale, Fort Augustus, Achnamara, Skye and Tarbrax. In addition we are investigating the potential for rural employers to deliver affordable housing - working with Dualchas on Skye, and Bruichladdich Distillery on Islay. We advised ten further communities on their development options and on local housing need including Robertson in the Scottish Borders and North Ronaldsay in the Orkney Islands.

We developed the 'Housing Fair' method for community consultation at Strathblane to publicise community engagement, provide information on housing options as well as gather views and opinions. At Strathblane over 75 people "dropped in" on a Saturday afternoon to find out more, fill in survey forms and give their views. This exercise supplemented a housing needs questionnaire and the subsequent report gave the community a clear strategy for the development of housing to meet local housing need. We also utilised this engagement method to undertake housing consultation on behalf of Perth & Kinross Council at Blairgowrie.

We organised two Community Learning Exchanges in Eigg and Spittalfield to bring communities together to learn from each other.

We continued to campaign and influence on rural housing issues ensuring that housing policy fits with rural housing needs. We aim to see that rural policy places housing at the centre of rural regeneration and development. To this end we met with Aileen Campbell MSP, Cabinet Secretary for Communities and Fergus Ewing MSP, Cabinet Secretary for Rural Affairs to promote rural housing and the need for support for rural communities on housing issues.

RURAL HOUSING SCOTLAND

DIRECTORS' REPORT (CONTD)

ACHIEVEMENTS & PERFORMANCE (CONTD)

Rural Housing Scotland is a recognised stakeholder, working with the Scottish Government Rural Economy and Land Reform Teams, as well as the More Homes Division, and contributing to the Joint Housing Policy and Delivery Group. We provided input to policy development on empty homes, rural homelessness, planning, short term lets, depopulation, rural economic development, land reform, island and rural proofing. We regularly give evidence to parliamentary committees. We also undertook our own research to highlight underinvestment in affordable rural housing this was quoted in the report of the SCDI Rural Commission "An Economy for All Scotland".

Our annual conference is the main focus for the discussion of rural housing policy and innovation. In February 2020 over 130 delegates from across Scotland gathered in Dunkeld to discuss community led housing, depopulation, climate change, land for housing and alternative housing tenures. Our conference remains one of the most popular dates in the rural calendar.

FINANCIAL REVIEW

The company received total income of £132,903 (2019: £142,350) and incurred a total of £130,583 (2019: £114,185) by way of expenditure leaving net income of £2,320 (2019: £28,165) as shown in the Statement of Financial Activities. The company's main source of income during the year was grant income. The company's main item of expenditure continues to be staff costs.

With the change in the way the company has been required to account for its pension scheme deficit, as of last financial year, the Statement of Financial Activities also shows Other Recognised Gains/(Losses) in relation to the pension scheme liability, reflecting various actuarial adjustments. Gains totalling £26,100 (2019: losses totalling £21,056) are therefore added to (2019: deducted from) net income for the year. The closing balance on the provision for pension scheme liability at the end of the financial year was £6,919 (end of previous financial year: £37,667).

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 the risks identified as a result of those reviews.

ADMINISTRATIVE DETAILS

Charity number	SC031239
Company number	SC216096
Registered office	The Columba Centre, Fionnphort, Isle of Mull, PA66 6BL
Directors	Dr Andrene McKee (Convenor) Alastair Cameron (Vice Convenor) Dr Madhu Satsangi (Treasurer) Angela Williams Deborah Mackay Norma Robson Richard Heggie David Stewart (appointed 5 December 2019) Calum MacAulay (resigned 16 November 2019)
Company secretary	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 Directors' 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 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 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 charitable company'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:



Dr Andrene McKee
Director



Date

**INDEPENDENT EXAMINER'S REPORT TO THE DIRECTORS OF
RURAL HOUSING SCOTLAND**

I report on the financial statements for the charitable company for the year ended 31 March 2020, which are set out on pages 5 to 12.

Respective responsibilities of Directors & independent examiner

The Directors (who are also the Trustees of the charitable company 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.

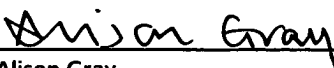
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations (as amended). An examination includes a review of the accounting records kept by the charitable company 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 Accounts Regulations (as amended), and
 - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts 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

25/2/21

Date

RURAL HOUSING SCOTLAND**STATEMENT OF FINANCIAL ACTIVITIES**

(Incorporating Income & Expenditure Account)

For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Income from:			
Grants	2	76,330	84,065
Sponsorship		6,090	2,000
Conference & membership income		18,630	17,750
Contracts		29,153	30,610
Other income		2,700	7,925
TOTAL INCOME		132,903	142,350
Expenditure on:			
Staff costs	3	95,620	78,721
Other costs	3	34,963	35,464
TOTAL EXPENDITURE		130,583	114,185
NET INCOME		2,320	28,165
OTHER RECOGNISED GAINS/(LOSSES)			
Initial recognition of multi-employer defined benefit scheme		-	(13,823)
Actuarial gains/(losses) on defined benefit pension scheme	8	26,100	(7,233)
NET MOVEMENT IN FUNDS		28,420	7,109
TOTAL FUNDS BROUGHT FORWARD		14,171	7,062
TOTAL FUNDS CARRIED FORWARD		42,591	14,171

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

RURAL HOUSING SCOTLAND

BALANCE SHEET

As at 31 March 2020

Company No. SC216096

Charity No. SC031239

		2020		2019	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	4		-		198
CURRENT ASSETS					
Debtors	5	7,673		27,550	
Cash at bank and in hand		<u>48,880</u>		<u>31,037</u>	
		56,553		58,587	
LIABILITIES					
Creditors: <i>Amounts falling due within one year</i>	6	<u>(7,043)</u>		<u>(6,957)</u>	
NET CURRENT ASSETS			<u>49,510</u>		<u>51,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			49,510		51,828
Creditors: <i>Amounts falling due after more than one year</i>	7		<u>(6,919)</u>		<u>(37,657)</u>
TOTAL NET ASSETS			<u><u>42,591</u></u>		<u><u>14,171</u></u>
FUNDS OF THE CHARITY					
Unrestricted funds			<u>42,591</u>		<u>14,171</u>
TOTAL CHARITY FUNDS			<u><u>42,591</u></u>		<u><u>14,171</u></u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2020.

The members have not requested the charitable company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

(a) ensuring that the charitable 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 charitable 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 charitable 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 9th Feb. 2021 and were signed by:



Dr Andrene McKee

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 2020

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. There are no material uncertainties about the company's ability to continue as a going concern.

Income recognition

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.

Expenditure recognition

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
Computer equipment	33%

Pensions

The company operates a defined benefit pension scheme for eligible employees. The assets of the scheme are held separately from those of the company. Previously the scheme had been accounted for as a defined contribution scheme whereby a provision was included in the Balance Sheet based on the company's committed deficit reduction contributions. FRS 102 permits this accounting treatment if it is not possible for the company to separately identify its individual share of the pension scheme assets and liabilities. As of last financial year however, the pension scheme has made available this information, and accordingly the company now uses defined benefit accounting instead of defined contribution accounting. A provision for the company's individual share of net pension scheme assets and liabilities is now reflected in the Balance Sheet, instead of a provision for future deficit contributions. Further information is given in note 8 to the financial statements. The annual contributions payable by the company are included within expenditure in the Statement of Financial Activities.

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. There are currently no restricted funds.

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2020

2 ANALYSIS OF GRANTS INCOME

	2020	2019
	£	£
Scottish Government (HV grants scheme)	50,000	50,000
Nationwide Building Society (OIH project)	-	20,065
The Prince's Countryside Fund (OIH project)	-	14,000
Scottish Government (secondment income)	12,907	-
Corra Foundation	13,423	-
<i>Includes restricted income Enil (2019: £34,065)</i>	<u>76,330</u>	<u>84,065</u>

3 ANALYSIS OF EXPENDITURE

	2020	2019
	£	£
Staff costs		
Gross salaries	75,470	61,553
National insurance	4,304	3,169
Pension	15,846	13,999
<i>Includes restricted expenditure Enil (2019: £34,065)</i>	<u>95,620</u>	<u>78,721</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 £52,215 (2019: £50,511).

Expenses reimbursed totalled £297 (2019: £246) in respect of 2 Directors (2019: 3 Director) 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 3 (2019: 2).

	2020	2019
	£	£
Other costs		
Project costs (OIH)	3,404	3,757
Rent	2,289	3,095
Insurance	759	742
Printing, postage, stationery and office costs	595	3,018
Telephone and internet	1,355	1,117
Meetings, travel and conference costs	19,546	20,048
Professional fees	3,066	1,039
Sundry expenses	9	291
Pension defined benefit cost: expenses	164	164
Pension defined benefit cost: net interest expense	808	831
Pension: insurance	274	-
Pension: online accounting disclosure tool	1,332	-
Independent examiner's fee	1,164	1,164
Depreciation	198	198
	<u>34,963</u>	<u>35,464</u>

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2020

4 FIXED ASSETS

**Computer
Equipt.
£**

Cost

At 1 April 2019

2,745

At 31 March 2020

2,745

Depreciation

At 1 April 2019

2,547

Charge for year

198

At 31 March 2020

2,745

Net book value

At 31 March 2020

-

At 31 March 2019

198

5 DEBTORS

2020

2019

£

£

Trade debtors

7,673

27,550

7,673

27,550

6 CREDITORS: Amounts falling due within 1 year

2020

2019

£

£

Accruals and deferred income

4,350

5,339

Taxation and social security costs

2,693

1,618

7,043

6,957

7 CREDITORS: Amounts falling due after more than 1 year

2020

2019

£

£

Pension defined benefit scheme liability (Note 8)

6,919

37,657

6,919

37,657

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2020

8 PENSION SCHEME

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET/(LIABILITY)	31.3.20 £	31.3.19 £
Fair value of plan assets	200,713	186,349
Present value of defined benefit obligation	207,632	224,006
Defined benefit liability recognised (Note 7)	<u>(6,919)</u>	<u>(37,657)</u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	31.3.20 £	31.3.19 £
Defined benefit obligation at start of period	224,006	212,993
Expenses	164	164
Interest expense	5,185	5,491
Actuarial losses/(gains) due to scheme experience	3,610	(9,517)
Actuarial (gains)/losses due to changes in demographic assumptions	(1,208)	533
Actuarial (gains)/losses due to changes in financial assumptions	(23,961)	14,506
Benefits paid and expenses	<u>(164)</u>	<u>(164)</u>
Defined benefit obligation at end of period	<u>207,632</u>	<u>224,006</u>

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	31.3.20 £	31.3.19 £
Fair value of plan assets at start of period	186,349	178,116
Interest income	4,377	4,660
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	4,541	(1,711)
Deficit contributions by the employer	5,614	5,448
Benefits paid and expenses	<u>(168)</u>	<u>(164)</u>
Fair value of plan assets at end of period	<u>200,713</u>	<u>186,349</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £8,918.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES	31.3.20 £	31.3.19 £
Expenses	164	164
Net interest expense	808	831
Total defined benefit costs recognised in Statement of Financial Activities	<u>972</u>	<u>995</u>

DEFINED BENEFIT COSTS RECOGNISED IN OTHER RECOGNISED GAINS/(LOSSES)	31.3.20 £	31.3.19 £
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	4,541	(1,711)
Experience gains and losses arising on the plan liabilities - loss	(3,610)	9,517
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain/(loss)	1,208	(533)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain/(loss)	23,961	(14,506)
Total amount recognised in Other Recognised Gains/(Losses)	<u>26,100</u>	<u>(7,233)</u>

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2020

8 PENSION SCHEME (CONTD)

	31.3.20	31.3.19
ASSETS	£	£
Global Equity	27,605	29,980
Absolute Return	12,323	15,783
Distressed Opportunities	3,663	3,180
Credit Relative Value	4,828	3,236
Alternative Risk Premia	16,086	10,408
Fund of Hedge Funds	-	517
Emerging Markets Debt	7,137	5,973
Risk Sharing	6,357	5,402
Insurance-Linked Securities	5,382	4,834
Property	3,738	3,701
Infrastructure	11,834	7,810
Private Debt	3,977	2,405
Opportunistic Illiquid Credit	4,887	-
Corporate Bond Fund	14,667	13,067
Liquid Credit	5,260	-
Long Lease Property	4,905	2,262
Secured Income	11,140	6,501
Over 15 Year Gilts	2,547	4,787
Liability Driven Investment	52,857	66,310
Net Current Assets	1,520	193
Total assets	200,713	186,349

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

	31.3.20	31.3.19
KEY ASSUMPTIONS	£	£
Discount Rate	2.38%	2.31%
Inflation (RPI)	2.62%	3.29%
Inflation (CPI)	1.62%	2.29%
Salary Growth	2.62%	3.29%
Allowance for commutation of pension for cash at retirement	75% maximum allowance	75% maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies: Life expectancy at 65 (in years)

Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2020

9 RELATED PARTY TRANSACTIONS

Other than described in note 3 regarding key management personnel, there were no related party transactions.