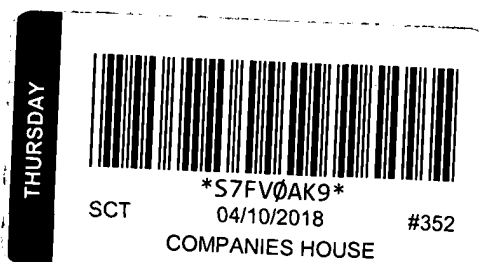


Company No. SC216096
Charity No. SC031239

RURAL HOUSING SCOTLAND
(A company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



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 2018 (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.

ACHIEVEMENTS & PERFORMANCE

We continued our work to promote community led housing and applications to the Rural & Island Housing Fund - working with 26 communities in 8 local authority areas to investigate options to deliver affordable housing. Projects include new build affordable housing for rent, self build, shared equity, mutual home ownership, empty homes refurbishment, and renovation of derelict buildings.

Our Island Home continued to make progress working with communities in nine islands to develop their ideas for housing and to develop applications to the Rural Housing Fund. OIH has been working with the four island trusts which comprise the Lorn Islands Partnership to investigate the feasibility of affordable housing projects. OIH has undertaken housing needs research to help understand the type and tenure of housing required and is working with each island to identify possible sites for housing. One early OIH project at Lochdon is now on site with West Highland Housing Association developing 14 homes including an additional 6 as a result of work undertaken with local employers.

We partnered with the Rural & Islands Housing Association Forum to undertake research into the extent of affordable housing investment in rural Scotland. Our Chief Executive delivered a keynote speech to the RIHAF conference to set out the research findings. The research involved an analysis of completions built through the Affordable Housing Supply Programme. It demonstrated that rural Scotland received much less affordable housing investment than its population and housing needs would merit. The research highlighted that understanding of rural housing needs is as a significant barrier to rural housing development as land, infrastructure and planning. To this end we have sought to ensure that local authority Local Housing Strategies and Strategic Housing Investment Plans adequately address rural housing needs.

One solution is much greater use of local housing needs studies to uncover rural housing needs and we were pleased to work with Berwickshire Housing Association to complete four housing needs surveys in Coldstream, Ayton, Eyemouth and Duns.

We were delighted to welcome Roseanna Cunningham MSP, the Cabinet Secretary for Environment, Climate Change and Land Reform 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.

Rural Housing Scotland is a member of the Joint Housing Policy and Delivery Group, 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

The company received total income of £105,150 (2017: 121,247 including the pension deficit remeasurement adjustment of £30,453 as explained in note 3) and incurred a total of £92,533 (2017: £94,704) by way of expenditure leaving net income of £12,617 (2017: £26,543) 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'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 2018, 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 investigate the issue of rural homelessness working with partners to highlight the particular nature of the problem and working to ensure national responses to homelessness work to meet rural needs.

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 the risks identified as a result of those reviews.

ADMINISTRATIVE DETAILS

Charity number	SC031239
Company number	SC216096
Registered office	Brewery Park Business Centre, Brewery Park, Haddington, EH41 3HA
Directors	Dr Andrene McKee (Convenor) Alastair Cameron (Vice Convenor) Dr Madhu Satsangi (Treasurer) Angela Williams Deborah Mackay Norma Robson Calum MacAulay (appointed 14 December 2017) Richard Heggie (appointed 31 August 2018) Neil Clapperton (resigned 27 September 2017) Prof Sarah Skerratt (resigned 11 July 2018)

RURAL HOUSING SCOTLAND

DIRECTORS' REPORT (CONTD)

ADMINISTRATIVE DETAILS (CONTD)

Company secretary Derek Logie

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).

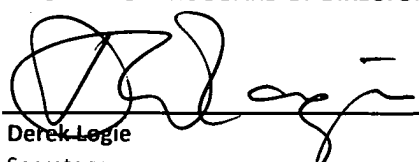
Company law requires the company Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including the income and expenditure of the charitable company 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


Date

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

I report on the financial statements for the charity for the year ended 31 March 2018, which are set out on pages 5 to 11.

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.

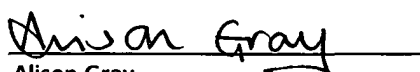
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts 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 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

28/9/18

Date

RURAL HOUSING SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income & Expenditure Account)

For the Year Ended 31 March 2018

		Unrestricted Funds	Restricted Funds	Total funds 2018	Total funds 2017
	Note	£	£	£	£
Income from:					
Grants	2	50,000	16,000	66,000	72,000
Sponsorship		2,000	-	2,000	1,000
Conference & membership income		15,855	-	15,855	15,694
Contracts		21,295	-	21,295	2,100
Pension deficit remeasurement	3	-	-	-	30,453
TOTAL INCOME		89,150	16,000	105,150	121,247
Expenditure on:					
Staff costs	4	47,720	14,000	61,720	65,294
Other costs	4	28,813	2,000	30,813	29,410
TOTAL EXPENDITURE		76,533	16,000	92,533	94,704
NET INCOME		12,617	-	12,617	26,543
TOTAL FUNDS BROUGHT FORWARD		(5,555)	-	(5,555)	(32,098)
TOTAL FUNDS CARRIED FORWARD	9	7,062	-	7,062	(5,555)

The notes on pages 7 to 11 form part of these financial statements.

RURAL HOUSING SCOTLAND

BALANCE SHEET

As at 31 March 2018

Company No. SC216096

Charity No. SC031239

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	5	396	325
CURRENT ASSETS			
Debtors	6	17,140	14,600
Cash at bank and in hand		<u>14,955</u>	<u>17,208</u>
		32,095	31,808
LIABILITIES			
Creditors: <i>amounts falling due within one year</i>	7	<u>(9,672)</u>	<u>(16,699)</u>
NET CURRENT ASSETS		22,423	15,109
TOTAL ASSETS LESS CURRENT LIABILITIES		22,819	15,434
Creditors: <i>Amounts falling due after more than one year</i>	8	<u>(15,757)</u>	<u>(20,989)</u>
TOTAL NET ASSETS/(LIABILITIES)		<u>7,062</u>	<u>(5,555)</u>
FUNDS OF THE CHARITY			
Unrestricted funds		<u>7,062</u>	<u>(5,555)</u>
	9	<u>7,062</u>	<u>(5,555)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2018.

The members have not requested the company to obtain an audit of its financial statements for the year ended 31 March 2018 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 11 were approved by the Directors on 26th Sept. 2018 and were signed by:

Annie McKee

Dr Andrene McKee
Director

The notes on pages 7 to 11 form part of these financial statements.

RURAL HOUSING SCOTLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2018

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.

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 is 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 2018

2 ANALYSIS OF GRANTS INCOME

	2018	2017
	£	£
Scottish Government (HV grants scheme)	50,000	50,000
The Prince's Countryside Fund (OIH project)	14,000	14,000
Big Lottery Fund (Investing in Ideas)	2,000	8,000
<i>Includes restricted income £16,000 (2017: £22,000)</i>	<u>66,000</u>	<u>72,000</u>
Total grants received/receivable	66,000	81,000
Deferred grants at year end	-	(9,000)
Total grants recognised as above	<u>66,000</u>	<u>72,000</u>

3 PENSION DEFICIT REMEASUREMENT

The £30,453 credit to the Statement of Financial Activities in the prior year arose because the length of time of the recovery plan had been reduced by the pension Trustee. The pension deficit liability was been reduced by the same amount. Without this credit the results for that year would show net expenses of £3,910 instead of net income of £26,543.

4 ANALYSIS OF EXPENDITURE

	2018	2017
	£	£
Staff costs		
Gross salaries	53,750	57,127
National insurance	2,353	2,957
Pension	5,617	5,210
<i>Includes restricted expenditure £14,000 (2017: 17,500)</i>	<u>61,720</u>	<u>65,294</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 £49,040 (2017: £48,554).

Expenses reimbursed totalled £233 (2017: £81) in respect of 2 Directors (2017: 1 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 2 (2017: 2).

	2018	2017
	£	£
Other costs		
Project costs (OIH)	2,272	2,144
Rent	3,240	1,416
Insurance	734	702
Printing, postage, stationery & office costs	3,301	854
Telephone & internet	1,256	1,177
Meetings, travel & conference costs	16,705	17,623
Legal & professional fees	1,087	990
Sundry expenses	467	556
Pension deficit: interest expense (refer to note 10)	247	1,307
Pension deficit: remeasurement adjustment (refer to note 10)	(182)	760
Independent examiner's fee	1,164	1,164
Depreciation	522	717
<i>Includes restricted expenditure £2,000 (2017: £4,500)</i>	<u>30,813</u>	<u>29,410</u>

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2018

5 FIXED ASSETS

	<i>Computer Equipt. £</i>
Cost	
At 1 April 2017	2,152
Additions	<u>593</u>
At 31 March 2018	<u>2,745</u>
Depreciation	
At 1 April 2017	1,827
Charge for year	<u>522</u>
At 31 March 2018	<u>2,349</u>
Net book value	
At 31 March 2018	<u>396</u>
At 31 March 2017	<u>325</u>

	2018	2017
	£	£
6 DEBTORS		
Trade debtors	<u>17,140</u>	<u>14,600</u>
	<u>17,140</u>	<u>14,600</u>

	2018	2017
	£	£
7 CREDITORS: amounts falling due within 1 year		
Accruals & deferred income	2,896	10,318
Taxation & social security costs	1,479	1,239
Pension deficit payment provision	<u>5,297</u>	<u>5,142</u>
	<u>9,672</u>	<u>16,699</u>

	2018	2017
	£	£
8 CREDITORS: amounts falling due after more than 1 year		
Pension deficit payment provision	<u>15,757</u>	<u>20,989</u>
	<u>15,757</u>	<u>20,989</u>

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2018

9 ANALYSIS OF CHARITABLE FUNDS

	<i>Balance</i> <i>1/4/17</i>	<i>Income</i>	<i>Expenses</i>	<i>Funds</i> <i>31/3/18</i>
	£	£	£	£
UNRESTRICTED FUNDS	(5,555)	89,150	(76,533)	7,062
Total unrestricted funds	(5,555)	89,150	(76,533)	7,062
RESTRICTED FUNDS				
Our Island Home (OIH)	-	14,000	(14,000)	-
Mutual Home Ownership Cooperatives feasibility study	-	2,000	(2,000)	-
Total restricted funds	-	16,000	(16,000)	-
TOTAL FUNDS	(5,555)	105,150	(92,533)	7,062

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 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 2018

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	31.3.18	31.3.17	31.3.16
	£	£	£
Present values of provision	21,054	26,131	59,560
		Period ending	Period ending
		31.3.18	31.3.17
		£	£
Reconciliation of opening and closing provisions			
Provision at start of period		26,131	59,560
Unwinding of the discount factor (interest expense refer to note 4 other costs)		247	1,307
Deficit contributions paid		(5,142)	(5,043)
Remeasurements - impact of any change in assumptions (refer to note 4 other costs)		(182)	760
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)		21,054	26,131
		Period ending	Period ending
		31.3.18	31.3.17
		£	£
Impact on Statement of Financial Activities			
Interest expense (refer to note 4 other costs)		247	1,307
Remeasurements - impact of any change in assumptions (refer to note 4 other costs)		(182)	760
Remeasurements - amendments to the contributions schedule (refer to note 3)		-	(30,453)
Pension costs (refer to note 4 staff costs)		5,617	5,210
Assumptions	31.3.18	31.3.17	31.3.16
	% per annum	% per annum	% per annum
Rate of discount	1.51	1.06	2.29

11 RELATED PARTY TRANSACTIONS

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