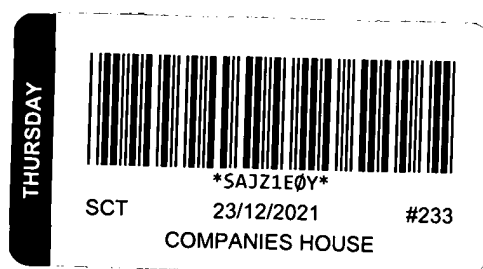


Company No. SC216096
Charity No. SC031239

RURAL HOUSING SCOTLAND
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021



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 2021 (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

Rural Housing Scotland exists to support rural communities take action to tackle local housing problems and to highlight and develop solutions to rural housing need.

Despite the challenges of the COVID 19 pandemic and much of the financial year taking place during various degrees of lockdown, we have been able to continue our work with rural communities. Movement restrictions have meant that we have had to adapt our way of working with more of our support activity taking place remotely. However this has had benefits with increased contact and work with remoter communities including Uist in the Western Isles, North Ronaldsay in Orkney and Tiree in Argyll & Bute.

These three islands were the focus of work we undertook for the Scottish Government Island team on an initiative to tackle depopulation: Smart Clachan. Smart Clachan are a 21st Century revival of the clachan, a traditional island township consisting of a few houses and crofts. Smart Clachan take the build form of a clachan and utilise community led/cooperative housing models to create modern affordable homes. The community/cooperative ethos is fostered through a range of shared services and facilities to enhance community and connectivity, including a community work hub to enable households to establish their own business or work remotely for local, national and international companies.

Our work involved the development of a toolkit to enable communities and organisations to deliver Smart Clachan in a variety of locations and we are progressing projects in Tiree, Uist and North Ronaldsay in collaboration with community organisations on the islands.

The pandemic also meant that we were unable to hold our Conference, however this year we curated an online Rural Housing Summit with the United Nations Human Settlements Programme (UN-HABITAT). The week long programme of events attracted 1,400 unique bookings from across the world to hear 60 speakers from the UK, USA, Canada, Norway and Kenya. Our Chief Executive was also invited to speak at a webinar organised by the National Alliance to End Rural and Remote Homelessness in Canada looking at International Perspectives on Rural and Remote Homelessness.

We are grateful to our funders for their continued support through the difficult months on the pandemic, particularly The Robertson Trust who gave permission for the unrestricted use of their grant funding.

RURAL HOUSING SCOTLAND

DIRECTORS' REPORT (CONTD)

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 also hope to realise our Smart Clachan initiative on Uist and to pursue additional innovative solutions to rural housing issues.

We will further develop our membership and our wider communications to raise awareness of rural housing issues and the work of Rural Housing Scotland to alleviate them. 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.

FINANCIAL REVIEW

The company received total income of £156,177 (2020: £132,903) and incurred a total of £167,097 (2020: £130,583) by way of expenditure leaving net expenditure of £10,920 (2020: net income £2,320) as shown in the Statement of Financial Activities. An analysis of income and expenditure is shown in the Statement of Financial Activities and accompanying notes.

The Statement of Financial Activities also shows Other Recognised (Losses)/Gains in relation to the pension scheme liability, reflecting various actuarial adjustments. Losses totalling £26,915 (2020: gains totalling £26,100) are shown, and further details are provided in note 9. The losses plus other pension scheme costs means that the closing balance on the provision for pension scheme liability at the end of the financial year has increased to £28,042 (from £6,919 at the end of the previous financial year). The directors continue to monitor the pension scheme liability.

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) Wendy Reid (appointed 25 September 2020) (Vice Convenor) Alastair Cameron David Stewart (Treasurer) Dr Madhu Satsangi Angela Williams Deborah Mackay Norma Robson Richard Heggie
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.

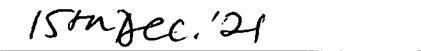
The Directors are responsible for the maintenance and integrity of the charity and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2021, 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.

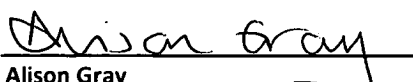
Basis of independent examiner's statement

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

22/12/21

Date

RURAL HOUSING SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income & Expenditure Account)

For the Year Ended 31 March 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
Grants	2	16,000	30,000	46,000	63,423
Secondment income		56,026	-	56,026	12,907
Conference & membership income		14,195	-	14,195	24,720
Contracts		39,956	-	39,956	29,153
Other income		-	-	-	2,700
TOTAL INCOME		<u>126,177</u>	<u>30,000</u>	<u>156,177</u>	<u>132,903</u>
Expenditure on:					
Staff costs	3	123,179	30,000	153,179	95,620
Other costs	3	<u>13,918</u>	<u>-</u>	<u>13,918</u>	<u>34,963</u>
TOTAL EXPENDITURE		<u>137,097</u>	<u>30,000</u>	<u>167,097</u>	<u>130,583</u>
NET (EXPENDITURE)/INCOME		(10,920)	-	(10,920)	2,320
OTHER RECOGNISED (LOSSES)/GAINS					
Actuarial (losses)/gains on pension scheme	9	<u>(26,915)</u>	<u>-</u>	<u>(26,915)</u>	<u>26,100</u>
NET MOVEMENT IN FUNDS		(37,835)	-	(37,835)	28,420
TOTAL FUNDS BROUGHT FORWARD		<u>42,591</u>	<u>-</u>	<u>42,591</u>	<u>14,171</u>
TOTAL FUNDS CARRIED FORWARD	8	<u>4,756</u>	<u>-</u>	<u>4,756</u>	<u>42,591</u>

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

BALANCE SHEET

As at 31 March 2021

		2021	2020
	Note	£	£
FIXED ASSETS			
Tangible assets	4	629	-
CURRENT ASSETS			
Debtors	5	6,000	7,673
Cash at bank and in hand		33,689	48,880
		39,689	56,553
LIABILITIES			
Creditors: Amounts falling due within one year	6	(7,520)	(7,043)
NET CURRENT ASSETS		32,169	49,510
TOTAL ASSETS LESS CURRENT LIABILITIES		32,798	49,510
Creditors: Amounts falling due after more than one year	7	(28,042)	(6,919)
TOTAL NET ASSETS		4,756	42,591
FUNDS OF THE CHARITY			
Unrestricted funds		4,756	42,591
TOTAL CHARITY FUNDS	8	4,756	42,591

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2021.

The members have not requested the charitable company to obtain an audit of its financial statements for the year ended 31 March 2021 in accordance with section 476 of the Companies Act 2006.

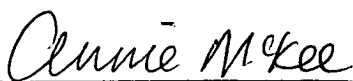
The Directors acknowledge their responsibilities for:

(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 5 to 12 were approved by the Directors on 15th Dec '21 and were signed by:



Dr Andrene McKee

Director

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

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. Deficits under the scheme are recognised in the financial statements in accordance with the requirements of FRS 102, based on the company's share of the scheme assets and liabilities, as reported by the scheme actuary. Accordingly the company's share of the scheme deficit is recognised in full on the Balance Sheet. Further information is given in note 9 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.

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2021

2 ANALYSIS OF GRANTS INCOME

	2021	2020
	£	£
Scottish Government	30,000	50,000
The Robertson Trust	16,000	-
Third Sector Resilience Fund (via Corra Foundation)	-	13,423
<i>Includes restricted income £30,000 (2020: £nil)</i>	<u>46,000</u>	<u>63,423</u>

3 ANALYSIS OF EXPENDITURE

	2021	2020
	£	£
Staff costs		
Gross salaries	122,528	75,470
National insurance	8,060	4,304
Pension	22,591	15,846
<i>Includes restricted expenditure £30,000 (2020: £nil)</i>	<u>153,179</u>	<u>95,620</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 £52,697 (2020: £52,216).

Expenses reimbursed totalled £18 (2020: £297) in respect of 1 Director (2020: 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 4 (2020: 3).

	2021	2020
	£	£
Other costs		
Project costs (OIH)	-	3,404
Rent	390	2,289
Insurance	792	759
Printing, postage, stationery and office costs	917	595
Telephone and internet	1,580	1,355
Meetings, travel and conference costs	734	19,546
Professional fees	6,304	3,066
Sundry expenses	13	9
Pension defined benefit cost: expenses	237	164
Pension defined benefit cost: net interest expense	95	808
Pension: insurance	558	274
Pension: online accounting disclosure tool	1,110	1,332
Independent examiner's fee	1,188	1,164
Depreciation	-	198
	<u>13,918</u>	<u>34,963</u>

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2021

4 FIXED ASSETS

**Computer
Equipt.
£**

Cost

At 1 April 2020

2,745

Additions

629

At 31 March 2021

3,374

Depreciation

At 1 April 2020

2,745

At 31 March 2021

2,745

Net book value

At 31 March 2021

629

At 31 March 2020

-

5 DEBTORS

Trade debtors

2021

£

6,000

6,000

2020

£

7,673

7,673

6 CREDITORS: Amounts falling due within 1 year

Accruals and deferred income

4,067

4,350

Taxation and social security costs

3,453

2,693

7,520

7,043

7 CREDITORS: Amounts falling due after more than 1 year

Pension defined benefit scheme liability (Note 9)

2021

£

28,042

28,042

2020

£

6,919

6,919

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2021

8 ANALYSIS OF CHARITABLE FUNDS

	Balance 1.04.20	Income	Expenses	Funds 31.3.21
	£	£	£	£
UNRESTRICTED FUNDS				
General funds	42,591	126,177	(164,012)	4,756
Total unrestricted funds	<u>42,591</u>	<u>126,177</u>	<u>(164,012)</u>	<u>4,756</u>
RESTRICTED FUNDS				
Clachan Project	-	30,000	(30,000)	-
Total restricted funds	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
TOTAL CHARITY FUNDS	<u>42,591</u>	<u>156,177</u>	<u>(194,012)</u>	<u>4,756</u>

Clachan Project: funds received from the Scottish Government to investigate the potential for the traditional clachan style development of rural and island communities to deliver a hub offering opportunities for affordable housing and supporting home working and/or micro business to address population challenges of our rural and island communities. The funds were fully expended during the year, towards staff costs.

9 PENSION SCHEME

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY	31.3.21	31.3.20
	£	£
Fair value of plan assets	224,737	200,713
Present value of defined benefit obligation	252,779	207,632
DEFINED BENEFIT LIABILITY RECOGNISED (Note 7)	<u>(28,042)</u>	<u>(6,919)</u>
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION	31.3.21	31.3.20
	£	£
Defined benefit obligation at start of period	207,632	224,006
Expenses	195	164
Interest expense	4,938	5,185
Actuarial (gains)/losses due to scheme experience	(2,313)	3,610
Actuarial (gains) due to changes in demographic assumptions	-	(1,208)
Actuarial losses/(gains) due to changes in financial assumptions	42,522	(23,961)
Benefits paid and expenses	(195)	(164)
Defined benefit obligation at end of period	<u>252,779</u>	<u>207,632</u>
RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS	31.3.21	31.3.20
	£	£
Fair value of plan assets at start of period	200,713	186,349
Interest income	4,843	4,377
Experience on plan assets (excluding amounts included in interest income) - gain	13,294	4,541
Deficit contributions by the employer	6,082	5,614
Benefits paid and expenses	(195)	(168)
Fair value of plan assets at end of period	<u>224,737</u>	<u>200,713</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £18,137.

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2021

9 PENSION SCHEME (CONTD)

	31.3.21 £	31.3.20 £
DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF FINANCIAL ACTIVITIES		
Expenses	195	164
Net interest expense	95	808
Total defined benefit costs recognised in Statement of Financial Activities	<u>290</u>	<u>972</u>
	31.3.21 £	31.3.20 £
DEFINED BENEFIT COSTS RECOGNISED IN OTHER RECOGNISED (LOSSES)/GAINS		
Experience on plan assets (excluding amounts included in net interest cost) - gain	13,294	4,541
Experience gains and losses arising on the plan liabilities - gain/(loss)	2,313	(3,610)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	-	1,208
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	(42,522)	23,961
TOTAL AMOUNT RECOGNISED IN OTHER RECOGNISED (LOSSES)/GAINS	<u>(26,915)</u>	<u>26,100</u>
	31.3.21 £	31.3.20 £
ASSETS		
Global Equity	34,766	27,605
Absolute Return	11,077	12,323
Distressed Opportunities	7,680	3,663
Credit Relative Value	6,477	4,828
Alternative Risk Premia	9,015	16,086
Emerging Markets Debt	9,058	7,137
Risk Sharing	8,032	6,357
Insurance-Linked Securities	4,695	5,382
Property	4,029	3,738
Infrastructure	12,548	11,834
Private Debt	5,297	3,977
Opportunistic Illiquid Credit	5,754	4,887
High Yield	5,891	-
Opportunistic Credit	6,139	-
Cash	80	-
Corporate Bond Fund	16,952	14,667
Liquid Credit	3,880	5,260
Long Lease Property	5,214	4,905
Secured Income	12,348	11,140
Over 15 Year Gilts	105	2,547
Liability Driven Investment	54,029	52,857
Net Current Assets	<u>1,671</u>	<u>1,520</u>
Total assets	<u>224,737</u>	<u>200,713</u>

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.

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2021

9 PENSION SCHEME (CONTD)

	31.3.21	31.3.20
	£	£
KEY ASSUMPTIONS		
Discount Rate	2.15%	2.38%
Inflation (RPI)	3.29%	2.62%
Inflation (CPI)	2.86%	1.62%
Salary Growth	3.86%	2.62%
Allowance for commutation of pension for cash at retirement	75% maximum allowance	75% maximum allowance
	Life expectancy	
The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:	at 65 (in years)	
Male retiring in 2021	21.5	
Female retiring in 2021	23.4	
Male retiring in 2041	22.8	
Female retiring in 2041	25.0	

10 RELATED PARTY TRANSACTIONS

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