

Company No. SC216096  
Charity No. SCO31239

**RURAL HOUSING SCOTLAND**  
Formerly Rural Housing Service  
**(A company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

# 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 2016 (which are also prepared to meet the requirements for a directors' report and financial statements for the purposes of the Companies Act 2006).

#### ADMINISTRATIVE DETAILS

<b>Charity number</b>	SCO31239
<b>Company number</b>	SC216096
<b>Directors</b>	Alastair Cameron (Convenor) Dr Madhu Satsangi (Treasurer) Neil Clapperton Prof Sarah Skerratt Angela Williams Dr Andrene McKee Deborah Mackay Neil Stephen (resigned 30 September 2015) Gavin Kennedy (resigned 30 September 2015) Norma Robson (appointed 26 May 2016) Martin Pollhammer (resigned 30 September 2016)
<b>Company secretary</b>	Derek Logie
<b>Registered office</b>	An Roth Community Enterprise Centre, Craignure, Isle of Mull, PA65 6AY
<b>Independent examiner</b>	Alison Gray, Chartered Accountant, Le Noyer, Ettrick Terrace, Selkirk, TD7 4LE
<b>Bankers</b>	Bank of Scotland, The Mound, Edinburgh, EH1 1YZ

#### 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.

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

#### OBJECTIVES

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.

## **RURAL HOUSING SCOTLAND**

### **DIRECTORS' REPORT (CONTD)**

#### **ACTIVITIES & ACHIEVEMENTS**

This year saw the completion of the five house community led housing development on Iona. Rural Housing Scotland first became involved in this project in 2001 carrying out a housing needs study on the island for the Iona Housing Partnership. Over the following years we helped negotiate the purchase of the only development land on Iona and helped secure funds for the community to buy this land. Although the development has taken a long time to come to fruition we are delighted that these very high quality affordable rented houses will be available to help house the community on Iona for years to come.

On the theme of islands we worked with communities on Canna, Ulva Ferry, and Coll to undertake housing needs studies and completed a further two in mainland communities.

Overall we undertook work with communities and community landowners in 24 communities working on a number of different ideas to deliver affordable housing including ideas such as investigation of Mutual Home Ownership Cooperatives as route to deliver affordable housing.

Our Island Home continued to make progress; working with West Highland Housing Association to progress developments at Dervaig, Colonsay and Jura, and has continued its housing education/options work with local schools utilising the Islands Housing Guide and our social media presence. OIH has also been active in promoting the uptake of OMSE across the Hebrides. We are grateful to the Princes Countryside Fund and the Robertson Trust for their support for this project.

The Rural Housing Scotland Conference was attended by over 130 delegates with a keynote speech given by Housing Minister Margaret Burgess MSP which included the launch of the Rural Housing Fund and the Highland Self Build Loan Fund.

We organised a seminar for third sector organisations on housing aspects of the Land Reform Review Group report as part of sectoral consultations by the Scottish Government. We participated in a Scottish Government working group for the development of Rural Housing Fund, and investigated the feasibility of a Community Housing Alliance.

We delivered presentations to the Cross Party Group on Housing regarding rural housing and economic development and to the Cross Party Group on Rural Policy on the future of rural Scotland.

We worked with Shelter, Community Land Scotland, DTAS and Town Centre Partnership to develop compulsory sale orders.

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. During 2015/16 our Chief Executive was a committee member of the Scottish Land Fund.

Rural Housing Scotland is collaborating with two research projects being undertaken by PhD students looking at the housing pathways of young islanders and potential crossover of sustainable housing practice in Europe.

#### **PLANS FOR THE FUTURE**

In the coming year we are looking forward to supporting 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

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

**FINANCIAL REVIEW**

The company received total income of £154,127 and incurred a total of £140,760 by way of expenditure leaving net income of £13,367 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. A total of £41,971 was spent on the Community Housing Alliance feasibility study.

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 2016, the balance on the available unrestricted general fund is being built upon to provide an adequate reserve in accordance with this policy.

**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 charity 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:**

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**Derek Logie**  
Secretary

30 September 2016

**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 2016, which are set out on pages 5 to 10.

***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.

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

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2016

## RURAL HOUSING SCOTLAND

### STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income & Expenditure Account)

For the Year Ended 31 March 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>					
Grants	2	100,000	25,000	125,000	68,991
Sponsorship		5,500	-	5,500	2,510
Conference income		17,037	-	17,037	16,129
Contracts		6,105	-	6,105	17,594
Membership		485	-	485	1,440
<b>TOTAL INCOME</b>		<u>129,127</u>	<u>25,000</u>	<u>154,127</u>	<u>106,664</u>
<b>Expenditure on:</b>					
Charitable activities	3	<u>115,760</u>	<u>25,000</u>	<u>140,760</u>	<u>104,375</u>
<b>TOTAL EXPENDITURE</b>		<u>115,760</u>	<u>25,000</u>	<u>140,760</u>	<u>104,375</u>
<b>NET INCOME</b>		13,367	-	13,367	2,289
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<u>14,095</u>	<u>-</u>	<u>14,095</u>	<u>11,806</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	7	<u><u>27,462</u></u>	<u><u>-</u></u>	<u><u>27,462</u></u>	<u><u>14,095</u></u>

The notes on pages 7 to 10 form part of these financial statements.

## BALANCE SHEET

As at 31 March 2016

		2016		2015	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	4		1,042		785
<b>CURRENT ASSETS</b>					
Debtors	5	7,260		1,394	
Cash at bank and in hand		<u>22,306</u>		<u>15,555</u>	
		29,566		16,949	
<b>LIABILITIES</b>					
Creditors: <i>amounts falling due within one year</i>	6	<u>(3,146)</u>		<u>(3,639)</u>	
<b>NET CURRENT ASSETS</b>			<u>26,420</u>		<u>13,310</u>
<b>NET ASSETS</b>			<u>27,462</u>		<u>14,095</u>
<b>FUNDS OF THE CHARITY</b>					
Unrestricted funds			<u>27,462</u>		<u>14,095</u>
	7		<u>27,462</u>		<u>14,095</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2016.

The members have not requested the company to obtain an audit of its financial statements for the year ended 31 March 2016 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 for Smaller Entities (effective January 2015).

The financial statements on pages 7 to 10 were approved on 30 September 2016 and were signed by:

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**Alastair Cameron**

Director

The notes on pages 7 to 10 form part of these financial statements.

## RURAL HOUSING SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2016

#### 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 for Smaller Entities (effective January 2015)"; with that same Financial Reporting Standard for Smaller Entities (effective January 2015); 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.

##### ***Incoming resources***

All income is recognised once the company has entitlement to the income, there is sufficient certainty of receipt and so 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***

Individual assets costing more than £200 are capitalised at cost and are depreciated over their estimated useful lives on a straight line basis as follows:

Asset category	Annual rate
Office 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. The annual contributions payable by the company are included within resources expended.

##### ***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 2016

<b>2 ANALYSIS OF GRANT INCOME</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Scottish Government (HV grants scheme)	100,000	50,000
The Prince's Countryside Fund (OIH project)	8,000	16,000
Robertson Trust (OIH project)	11,000	-
Argyll & Bute Council (OIH project)	3,000	-
West Highland Housing Association (OIH project)	3,000	-
Highlands & Islands Enterprise (OIH graduate placement)	-	2,991
	<u>125,000</u>	<u>68,991</u>

<b>3 ANALYSIS OF EXPENDITURE</b>	<b>2016</b>	<b>2015</b>
<b>Staff costs</b>	<b>£</b>	<b>£</b>
Gross salaries	60,721	67,127
National insurance	4,044	4,006
Pension	7,384	7,221
	<u>72,149</u>	<u>78,354</u>

No Directors were paid any remuneration during the year. Director expenses reimbursed totalled £178 (2015: £172) in respect of 2 Directors (2015: 2) for services provided to the charity.

No employee earned more than £60,000 per annum during the year.

The average number of full time equivalent employees during the year was 2 (2015: 3).

	<b>2016</b>	<b>2015</b>
<b>Other costs</b>	<b>£</b>	<b>£</b>
Feasibility study	41,971	-
Project costs	2,956	3,791
Rent	2,296	2,458
Insurance	680	790
Printing, postage, stationery & office costs	275	1,394
Telephone & internet	1,345	1,030
Meetings, travel & conference costs	15,386	14,084
Legal & professional fees	1,294	499
Sundry expenses	545	448
Independent examiner's fee	1,146	1,134
Depreciation	717	393
	<u>68,611</u>	<u>26,021</u>
<b>Total expenditure</b>	<u>140,760</u>	<u>104,375</u>

RURAL HOUSING SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2015

<b>4 FIXED ASSETS</b>	<i>Computer Equipt.</i>	<b>Total</b>	
	<b>£</b>	<b>£</b>	
<b>Cost</b>			
At 1 April 2015	1,178	1,178	
Additions	974	974	
At 31 March 2016	<u>2,152</u>	<u>2,152</u>	
<b>Depreciation</b>			
At 1 April 2015	393	393	
Charge for year	717	717	
At 31 March 2016	<u>1,110</u>	<u>1,110</u>	
<b>Net book value</b>			
At 31 March 2016	<u>1,042</u>	<u>1,042</u>	
At 31 March 2015	<u>785</u>	<u>785</u>	
	<b>2016</b>	<b>2015</b>	
	<b>£</b>	<b>£</b>	
<b>5 DEBTORS</b>			
Trade debtors	7,260	1,394	
	<u>7,260</u>	<u>1,394</u>	
	<b>2016</b>	<b>2015</b>	
	<b>£</b>	<b>£</b>	
<b>6 CREDITORS: amounts falling due within 1 year</b>			
Accruals & deferred income	1,548	2,037	
Taxation & social security costs	1,598	1,602	
	<u>3,146</u>	<u>3,639</u>	
<b>7 ANALYSIS OF CHARITABLE FUNDS</b>	<i>Balance</i>		<i>Funds</i>
	<i>1/4/15</i>	<i>Income</i>	<i>31/3/16</i>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>UNRESTRICTED FUNDS</b>	<u>14,095</u>	<u>129,127</u>	<u>(115,760)</u>
	<u>14,095</u>	<u>129,127</u>	<u>27,462</u>
<b>RESTRICTED FUNDS</b>			
Our Island Home (OIH)	-	25,000	(25,000)
	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>
<b>TOTAL FUNDS</b>	<u>14,095</u>	<u>154,127</u>	<u>(140,760)</u>
	<u>14,095</u>	<u>154,127</u>	<u>27,462</u>

Our Island Home - a project established to help young people access housing on Hebridean Islands. Funds received during the year comprised £8,000 from The Prince's Countryside Fund, £11,000 from the Robertson Trust, £3,000 from Argyll and Bute Council, and £3,000 from West Highland Housing Association.

## RURAL HOUSING SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS (CONTD)

For the Year Ended 31 March 2016

#### 8 RETIREMENT BENEFIT OBLIGATIONS

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

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

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

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Rural Housing Scotland has been notified of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for Rural Housing Scotland was £198,745. The directors acknowledge that this is a contingent liability for the company.