

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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REPORT & FINANCIAL STATEMENTS 30th September 2019

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

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# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

### MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

#### Management Committee

K Stevenson	Chairperson	
E Henderson	Vice-Chairperson	Reappointed 19/02/19
M Cameron		
M Baldie		
N Finlayson	Reappointed 19/02/19	
W McCarthy	Resigned 28/11/18	
J Thomson		
K Thomson		
S Bannerman	Reappointed 19/02/19	
K Leitch	Appointed 19/02/19	
W Anderson	Appointed 19/02/19	
J McArthur	Appointed 19/02/19	

#### Executive Officers and Secretary

G Mogan	Acting Director & Secretary	Appointed 01/10/18 to 31/03/19
	Director & Secretary	Appointed 01/04/19

#### External Auditors

Armstrongs, Chartered Accountants  
142 West Nile Street  
Glasgow  
G1 2RQ

#### Internal Auditors

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

#### Bankers

The Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

#### Solicitors

TC Young  
7 West George Street  
Glasgow  
G2 1BA

#### Registered Office

250 Peat Road  
Nitshill  
Glasgow  
G53 6SA

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

### REPORT OF THE MANAGEMENT COMMITTEE

The Committee of Management present their Report and Financial Statements for the year ended 30th September 2019.

#### Legal status

Rosehill Housing Co-operative Limited is registered with the Financial Conduct Authority as a fully mutual co-operative under the Co-operative and Community Benefit Societies Act 2014. The Co-operative is constituted under its Rule Book.

#### Principal activities

The principal activities of the Co-operative are the provision, construction, improvement and management of rented accommodation.

#### Review of the business and future developments

The members of the Management Committee are of the opinion that the state of affairs of the Co-operative is satisfactory. The surplus for the year after taxation, before the pension remeasurement, was £1,181,170 (2018 - £970,916). Net Assets now stand at £35,595,138 (2018 - £34,554,171).

The Co-operative completed the final 28 of 48 new build homes at Househillwood Drive and Househillwood Crescent during the year. Feasibility studies to build new homes at a further two sites will be completed and considered during the next financial year.

#### Defined benefit accounting - Scottish Housing Association's Pension Scheme (the Scheme)

The Co-operative participates in the Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. In previous years it was not possible for the Co-operative to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and therefore accounted for it as a defined contribution scheme.

With effect from 1st October 2018 information to use the defined benefit method of accounting has become available from TPT Retirement Solutions (TPT) and has been applied for the year ended 30th September 2019. Under the new accounting treatment the liability at 1st October 2018 has been increased by £128,371 and the change has been accounted for as a change in accounting estimate. These figures have placed reliance on the actuarial assumptions of qualified actuaries which are considered reasonable and appropriate.

#### Committee of Management and Executive Officers

The members of the Committee of Management and the executive officers are listed on page 1.

Each member of the Committee of Management holds one fully paid share of £1 in the Co-operative. The executive officers hold no interest in the share capital of the Co-operative and, although not having the legal status of directors, they act as executives within the authority delegated by the Committee of Management.

Members of the Committee of Management are appointed by the members of the Co-operative at the Annual General Meeting.

#### Statement of the Committee of Management's responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Co-operative and of the income and expenditure of the Co-operative for the year ended on that date. In preparing these financial statements, the Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Co-operative will continue in business;
- Prepare a statement on internal financial control.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative and to enable it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements - 2019. It is also responsible for safeguarding the assets of the Co-operative and for taking reasonable steps to safeguard the assets of the Co-operative for the prevention and detection of fraud and other irregularities.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

### REPORT OF THE MANAGEMENT COMMITTEE (Continued)

#### **Corporate Governance**

The Co-operative has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Scottish Housing Regulator, the auditors have confirmed that they consider this statement appropriately reflects the Co-operative's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they are aware from their audit work on the Financial Statements.

#### **Statement as to Disclosure of Information to Auditors**

So far as the Committee are aware, there is no relevant audit information of which the Co-operative's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Co-operative's auditors are aware of that information.

#### **Statement on Internal Financial Control**

The Management Committee acknowledge their ultimate responsibility for ensuring that the Co-operative has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the Co-operative, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Co-operative's systems include ensuring that:-

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Co-operative's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor the key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors, to provide reasonable assurance that internal financial controls are in place and are effective and that a general review of the major risks facing the Co-operative is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified from the above reports.

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

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### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### REPORT OF THE MANAGEMENT COMMITTEE (Continued)

##### **Statement on Internal Financial Control (continued)**

The Management Committee has reviewed the effectiveness of the systems of internal financial control in existence in the Co-operative for the year ended 30 September 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

##### **Auditors**

A resolution to appoint auditors, based on the result of a competitive tender, will be proposed at the Annual General Meeting.

##### **By Order of the Committee of Management**



K Stevenson

Chairperson

Date: 22nd January 2020

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

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### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF ROSEHILL HOUSING CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS

##### Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee's statement on page 3 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Regulation of Social Housing in Scotland - Our Framework February 2019" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

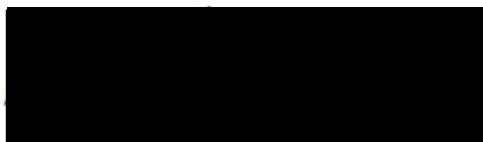
##### Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the Guidance Notes, nor to investigate the appropriateness of the reasons given for non-compliance.

##### Opinion

In our opinion the statement on internal financial control on page 3 has provided the disclosures required by the relevant Regulatory Standards within the publication "Regulation of Social Housing in Scotland - Our Framework February 2019" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain Committee members and officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Committee's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by relevant Regulatory Standards contained within the publication "Regulation of Social Housing in Scotland - Our Framework 2019" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor)  
for and on behalf of Armstrongs  
Statutory Auditor  
Chartered Accountants  
Victoria Chambers  
142 West Nile Street  
Glasgow G1 2RQ

Date: 22nd January 2020

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

### REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ROSEHILL HOUSING CO-OPERATIVE LIMITED

#### Opinion

We have audited the financial statements of Rosehill Housing Co-operative Limited for the year ended 30th September 2019 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Co-operative's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Co-operative's affairs as at 30th September 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Co-operative's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Management Committee is responsible for the other information. The other information comprises the information in the Management Committee's report, but does not include the financial statements and our auditor's opinion thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Co-operative and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Committee's report.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Co-operative has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Co-operative; or
- we have not received all the information and explanations we require for our audit.



# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROSEHILL HOUSING CO-OPERATIVE LIMITED

#### Responsibilities of Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 2, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the Co-operative's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee members either intend to liquidate the Co-operative or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

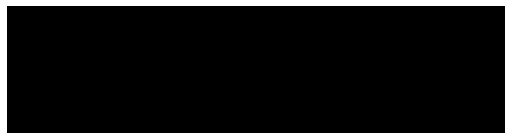
We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee members.
- conclude on the appropriateness of the Management Committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Co-operative to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor)  
for and on behalf of Armstrongs  
Statutory Auditor  
Chartered Accountants  
Victoria Chambers  
142 West Nile Street  
Glasgow G1 2RQ

Date: 22nd January 2020

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### STATEMENT OF COMPREHENSIVE INCOME for the Year Ended 30th September 2019

	Notes	2019	2018
		£	£
<b>REVENUE</b>	2	4,235,518	3,800,488
Operating Costs	2	(3,081,356)	(2,848,707)
<b>OPERATING SURPLUS</b>	9	1,154,162	951,781
(Loss) on Sale of Housing Properties	7	-	(3,826)
Interest Receivable and Other Income		94,750	82,505
Interest Payable and Similar Charges	8	(34,739)	(39,657)
Movement in Fair Value of Financial Instruments	11	-	3,270
Other Finance Income / (Charges)	12	(15,000)	(6,978)
		<u>45,011</u>	<u>35,314</u>
<b>SURPLUS BEFORE TAXATION</b>		1,199,173	987,095
<b>TAXATION</b>		(18,003)	(16,179)
<b>SURPLUS FOR YEAR</b>		<u>1,181,170</u>	<u>970,916</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Adjustment relating to Opening Pension Liability	27	(128,371)	-
Actuarial Gains / (Losses) on Defined Benefit Pension Scheme	27	(11,872)	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,040,927</u>	<u>970,916</u>

The Notes on pages 12 to 28 form part of this report and financial statements. All amounts relate to continuing operations.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### STATEMENT OF FINANCIAL POSITION as at the 30th of September 2019

	Notes	2019		2018	
		£	£	£	£
<b>NON CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	13		31,785,379		29,958,232
Other Non Current Assets	13		407,821		416,199
			<u>32,193,200</u>		<u>30,374,431</u>
<b>CURRENT ASSETS</b>					
Investments		10,110,137		11,718,978	
Inventories		5,449		1,522	
Receivables	17	253,191		130,475	
Cash at bank and in hand		537,919		1,122,569	
		<u>10,906,696</u>		<u>12,973,544</u>	
<b>PAYABLES:</b> Amounts falling due within one year	18	(1,628,815)		(1,462,090)	
<b>NET CURRENT ASSETS</b>			<u>9,277,881</u>		<u>11,511,454</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			41,471,081		41,885,885
<b>PAYABLES:</b> Amounts falling due after more than one year	19		(2,008,614)		(3,922,423)
<b>PROVISION FOR PENSION SCHEME LIABILITY</b>	27		(515,000)		-
<b>DEFERRED INCOME</b>					
Social Housing Grants	21	(3,352,329)		(3,409,291)	
			<u>(3,352,329)</u>		<u>(3,409,291)</u>
<b>NET ASSETS</b>			<u>35,595,138</u>		<u>34,554,171</u>
<b>EQUITY</b>					
Share Capital	22		1,022		982
Revenue Reserve			23,061,623		21,243,656
Revaluation Reserve			13,047,493		13,309,533
Pension Reserve			(515,000)		-
			<u>35,595,138</u>		<u>34,554,171</u>

Signed on behalf of the Management Committee on 22nd January 2020



K Stevenson  
Chairperson



E Henderson  
Vice-Chairperson



G Mogan  
Secretary

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### STATEMENT OF CASH FLOWS for the year ended 30th September 2019

	Notes	2019	2018
		£	£
<b>Net Cash Inflow from Operating Activities</b>	20	2,197,161	1,849,450
<b>Corporation Tax Paid</b>		(16,179)	(19,374)
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(2,800,619)	(4,851,871)	
Purchase of Other Fixed Assets	(6,770)	(11,363)	
Social Housing Grant Received	90,732	2,456,712	
Social Housing Grant Repaid	-	(38,850)	
Proceeds on Disposal of Other Fixed Assets	-	72,632	
<b>Net Cash (Outflow) from Investing Activities</b>		(2,716,657)	(2,372,740)
<b>Net Cash (Outflow) before use of Liquid Resources and Financing</b>		(535,675)	(542,664)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	62,535	84,026	
Interest Paid on Loans	(35,800)	(39,222)	
Loan Principal Repayments	(1,684,634)	(260,847)	
Change in short term deposits with banks	1,608,841	439,263	
Share Capital Issued	83	58	
<b>Net Cash (Outflow) / Inflow from Financing Activities</b>		(48,975)	223,278
<b>(Decrease) in Cash</b>		(584,650)	(319,386)
<b>Opening Cash and Cash Equivalents</b>		1,122,569	1,441,955
<b>Closing Cash and Cash Equivalents</b>		537,919	1,122,569

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### STATEMENT OF CHANGES IN EQUITY for the Year Ended 30th September 2019

	Share Capital £	Pension Reserves £	Revenue Reserve £	Revaluation Reserve £	Total £
<b>Balance as at 1 October 2018</b>	982	-	21,243,656	13,309,533	34,554,171
Issue of Shares	83	-	-	-	83
Cancellation of Shares	(43)	-	-	-	(43)
Other Comprehensive Income	-	(140,243)	-	-	(140,243)
Transfer	-	(374,757)	636,797	(262,040)	-
Surplus For Year	-	-	1,181,170	-	1,181,170
<b>Balance as at 30 September 2019</b>	<u>1,022</u>	<u>(515,000)</u>	<u>23,061,623</u>	<u>13,047,493</u>	<u>35,595,138</u>

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2014. The Co-operative is a public benefit entity in terms of its compliance with Financial Reporting Standard 102.

##### Revenue

The Co-operative recognises rent receivable net of losses from voids. Service charge income (net of voids) is recognised when expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the assets to which they relate.

##### Retirement Benefits

The Co-operative participates in the Scottish Housing Associations' Pension Scheme and retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

Up until 30 September 2018, it was not possible to identify the share of underlying assets and liabilities belonging to individual participating employers and the Scheme was accounted for as a defined benefit scheme. The Co-operative's discounted past service deficit liability was recognised in the Statement of Financial Position.

From 1 October 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit liability is accounted for as a defined benefit scheme from 1 October 2018 onwards. In accordance with FRS102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income.

Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

##### Valuation of Housing Properties

Housing Properties are stated at deemed cost less accumulated depreciation. Housing under construction and land are not depreciated. The Co-operative depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 13. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<u>Component</u>	<u>Useful Economic Life</u>
Building	50 yrs
Roof	40 yrs
External Wall Render	30 yrs
External Doors	25 yrs
Windows	25 yrs
Radiators	30 yrs
Boilers	20 yrs
Bathrooms	25 yrs
Kitchens	15 yrs

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### **Depreciation and Impairment of Other Non-Current Assets**

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office property	- 2%
Computer equipment	- 33%
Furniture and fittings	- 15%
Tools and equipment	- 15%
Motor vehicles	- 25%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

##### **Social Housing Grant And Other Grants In Advance / Arrears**

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when those components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

##### **Judgements in Applying Policies and Key Sources of Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Rosehill Housing Co-operative Limited's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

###### Rent Arrears - Bad Debt Provision

The Co-operative assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

###### Life Cycle of Components

The Co-operative estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### **Works to Existing Properties**

The Co-operative capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### **Key Judgements made in the application of Accounting Policies**

##### a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Co-operative's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS102.

##### b) Identification of cash generating units

The Co-operative considers its cash-generating units to be the individual housing property units which it manages for asset management purposes.

##### c) Obligations under SHAPS defined benefit pension scheme

The accounting for the pension scheme and the transition from defined contribution disclosure to defined benefit disclosure has relied on the actuarial assumptions of qualified actuaries' which have been reviewed and considered reasonable and appropriate.

##### **Financial Instruments - Basic**

The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Co-operative's debt instruments are measured at amortised cost using the effective interest rate method.



# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2019			2018		
		Revenue £	Operating Costs £	Operating Surplus / (Deficit) £	Revenue £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable Letting Activities	3	4,217,310	(3,040,924)	1,176,386	3,797,768	(2,840,828)	956,940
Other Activities	4	18,208	(40,432)	(22,224)	2,720	(7,879)	(5,159)
<b>Total</b>		<b>4,235,518</b>	<b>(3,081,356)</b>	<b>1,154,162</b>	<b>3,800,488</b>	<b>(2,848,707)</b>	<b>951,781</b>

#### 3. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES

	General		2019 Total £	2018 Total £
	Needs Housing £	Supported Housing £		
<b>Turnover from affordable letting activities</b>				
Rent receivable net of service charges	3,965,737	31,114	3,996,851	3,696,053
Service charges receivable	2,706	16,778	19,484	40,174
<b>Gross income from rents and service charges</b>	<b>3,968,443</b>	<b>47,892</b>	<b>4,016,335</b>	<b>3,736,227</b>
Less: Rent losses from voids	(8,891)	(17,646)	(26,537)	(20,944)
<b>Net income from rents and service charges</b>	<b>3,959,552</b>	<b>30,246</b>	<b>3,989,798</b>	<b>3,715,283</b>
Grants released from deferred income	182,327	-	182,327	31,451
Revenue grants from Scottish Ministers	45,185	-	45,185	51,034
<b>Total turnover from affordable letting activities</b>	<b>4,187,064</b>	<b>30,246</b>	<b>4,217,310</b>	<b>3,797,768</b>
<b>Expenditure on social letting activities</b>				
Management and maintenance administration costs	1,085,789	8,294	1,094,083	1,067,146
Service costs	1,619	22,381	24,000	24,382
Planned and cyclical maintenance including major repair costs	402,652	8,581	411,233	464,193
Reactive maintenance costs	540,223	3,374	543,597	401,459
Bad debts - rents and service charges	500	-	500	4,350
Depreciation of affordable let properties	967,511	-	967,511	879,298
<b>Operating costs for affordable letting activities</b>	<b>2,998,294</b>	<b>42,630</b>	<b>3,040,924</b>	<b>2,840,828</b>
<b>Operating surplus for affordable letting activities</b>	<b>1,188,770</b>	<b>(12,384)</b>	<b>1,176,386</b>	<b>956,940</b>
<b>(2018)</b>	<b>959,627</b>	<b>(2,687)</b>	<b>956,940</b>	

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Revenue Grants £	Other Income £	Total Revenue £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2019 £	Operating Surplus / (Deficit) 2018 £
Support activities	-	-	-	-	-	-	(50)
Factoring	-	2,636	2,636	-	(2,818)	(182)	(170)
Development Activities	-	-	-	-	(284)	(284)	(341)
Wider role activities	9,572	6,000	15,572	-	(37,330)	(21,758)	(4,598)
<b>Total from other activities</b>	<b>9,572</b>	<b>8,636</b>	<b>18,208</b>	<b>-</b>	<b>(40,432)</b>	<b>(22,224)</b>	<b>(5,159)</b>
<b>2018</b>	<b>-</b>	<b>2,720</b>	<b>2,720</b>	<b>-</b>	<b>(7,879)</b>	<b>(5,159)</b>	

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or employees of the Co-operative. One officer of the Co-operative received emoluments (excluding pension contributions) greater than £60,000 as follows:

	2019 £	2018 £
Gross salary	68,016	75,863
Benefits in Kind	194	298
<b>Total emoluments payable to Chief Executive (excluding pension contributions)</b>	<b>68,210</b>	<b>76,161</b>

The Chief Executive is an ordinary member of the Co-operative's pension scheme described in notes 1 and 27. No enhanced or special terms apply to their membership and they have no other pension arrangements to which the Co-operative contributes. The Co-operative's contributions for the Chief Executive in the year amounted to £9,114 (2018 - £10,029).

#### 6. EMPLOYEE INFORMATION

	2019 No.	2018 No.
The average monthly number of full time equivalent persons employed during the year was	16	17
The average total number of persons employed during the year was	16	17
Staff Costs were:	£	£
Wages and Salaries	585,350	627,451
National Insurance Costs	58,593	64,767
Other Pension Costs	55,255	60,723
	<b>699,198</b>	<b>752,941</b>

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. LOSS ON SALE OF HOUSING PROPERTIES

	2019	2018
	£	£
Sales Proceeds	-	73,500
Cost of Sales	-	(77,326)
Loss on Sale of Housing Properties	<u>-</u>	<u>(3,826)</u>

#### 8. INTEREST PAYABLE

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>34,739</u>	<u>39,657</u>

#### 9. OPERATING SURPLUS

	2019	2018
	£	£
The Operating Surplus is stated after charging:-		
Depreciation - tangible owned fixed assets	989,417	909,883
Auditors' remuneration - audit services	<u>7,080</u>	<u>6,720</u>

#### 10. TAX ON SURPLUS FOR YEAR

	2019	2018
	£	£
Corporation Tax has been provided on the Case III untaxed interest received and other non-rental income as follows:-		
UK Corporation Tax		
Interest received	18,003	13,508
Other income	-	2,671
	<u>18,003</u>	<u>16,179</u>

#### 11. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Movement in fair value of pension past service deficit liability	<u>-</u>	<u>3,270</u>

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. OTHER FINANCE INCOME / (CHARGES)

	2019	2018
	£	£
Unwinding of discounted liabilities	-	(6,978)
Net interest on defined benefit pension obligations	(15,000)	-
	<u>(15,000)</u>	<u>(6,978)</u>

#### 13. NON CURRENT ASSETS

##### a) Housing Properties

	Held for Letting £	In course of Construction £	Total £
<b>COST</b>			
At 1st October 2018	33,673,964	3,062,296	36,736,260
Additions	1,829,896	964,762	2,794,658
Scheme Transfers	3,938,450	(3,938,450)	-
Disposals	(248,380)	-	(248,380)
At 30th September 2019	<u>39,193,930</u>	<u>88,608</u>	<u>39,282,538</u>
<b>DEPRECIATION</b>			
At 1st October 2018	6,778,028	-	6,778,028
Disposals	(233,522)	-	(233,522)
Charge for Year	952,653	-	952,653
At 30th September 2019	<u>7,497,159</u>	<u>-</u>	<u>7,497,159</u>
<b>NET BOOK VALUE</b>			
At 30th September 2019	<u>31,696,771</u>	<u>88,608</u>	<u>31,785,379</u>
At 30th September 2018	<u>26,895,936</u>	<u>3,062,296</u>	<u>29,958,232</u>

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £11,157). Total capitalised expenditure on existing properties in the year amounted to £1,566,886. All of this expenditure related to component replacements. All land and housing properties are freehold.

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 13. NON CURRENT ASSETS (continued)

#### b) Other Non Current Assets

	Office Office Premises £	Fixtures & Fittings £	Tools & Equipment £	Computer Equipment £	Total £
<b>COST</b>					
At 1st October 2018	551,300	76,546	35,859	128,978	792,683
Additions	-	3,629	394	9,505	13,528
Disposals	-	(13,604)	(3,132)	(19,003)	(35,739)
At 30th September 2019	551,300	66,571	33,121	119,480	770,472
<b>AGGREGATE DEPRECIATION</b>					
At 1st October 2018	153,547	74,314	25,254	123,369	376,484
Eliminated on Disposals	-	(13,604)	(3,132)	(19,003)	(35,739)
Charge for year	11,026	1,277	3,180	6,423	21,906
At 30th September 2019	164,573	61,987	25,302	110,789	362,651
<b>NET BOOK VALUE</b>					
At 30th September 2019	386,727	4,584	7,819	8,691	407,821
At 30th September 2018	397,753	2,232	10,605	5,609	416,199

### 14. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements.	780,597	906,017

The above commitments will be financed from the Co-operatives own resources.

### 15. CURRENT ASSET INVESTMENTS

	2019 £	2018 £
Bank Deposits	10,110,137	11,718,978

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. INVENTORIES

	2019	2018
	£	£
Maintenance materials	5,449	1,522

#### 17. RECEIVABLES: Amounts Receivable within One Year

	2019	2018
	£	£
Arrears of Rent & Service Charges	102,907	90,895
Less: Provision for Doubtful Debts	(44,759)	(43,378)
	58,148	47,517
Social Housing Grant Receivable	75,417	6,808
Other Receivables	14,673	3,272
Prepayments and Accrued Income	104,953	72,878
	253,191	130,475

#### 18. PAYABLES: Amounts falling due within one year

	2019	2018
	£	£
Housing Loans	183,535	260,846
Trade Payables	759,146	418,646
Rent in Advance	116,741	130,812
Social Housing Grant in Advance	40,784	-
Corporation Tax	18,003	16,179
Other Taxation and Social Security	20,866	23,860
Other Payables	353,836	364,747
Pension Past Service Deficit Liability	-	124,143
Accruals and Deferred Income	135,904	122,857
	1,628,815	1,462,090

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2019

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 19. PAYABLES: Amounts falling due after more than one year

	2019	2018
	£	£
Housing Loans	2,008,614	3,615,937
Pension Past Service Deficit Liability	-	306,486
	<u>2,008,614</u>	<u>3,922,423</u>

#### Housing Loans

Housing loans are secured by specific charges on the Co-operative's housing properties and are repayable at varying rates of interest in instalments due as follows:-

Housing loans due - within one year	183,535	260,846
- in one year or more but less than two years	183,535	260,846
- in two years or more but less than five years	550,605	782,539
- in more than five years	1,274,474	2,572,552
	<u>2,192,149</u>	<u>3,876,783</u>
Less: included within current liabilities	(183,535)	(260,846)
	<u>2,008,614</u>	<u>3,615,937</u>

The Co-operative has six loans with the Bank of Scotland. All of the loans are on variable interest rates and are repayable on a monthly basis with the principle being amortised over the term of the loans. The interest rates are linked to the Bank of England Base Rate with margins ranging between 0.6% and 0.7%. The loans are secured over 632 properties with an existing use value of £15.2m.

#### Pension Past Service Deficit Liability

Pension Past Service Deficit Liability due - within one year	-	124,143
- in one year or more but less than two years	-	125,841
- in two years or more but less than five years	-	180,645
	-	<u>430,629</u>
Less: included within current liabilities	-	(124,143)
	-	<u>306,486</u>

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 30th September 2019</i>	2019	2018
	£	£
Operating Surplus	1,154,162	951,781
Depreciation	989,417	909,883
Amortisation of Social Housing Grants	(182,327)	(31,451)
(Increase) / Decrease in Stocks	(3,927)	1,743
(Increase) / Decrease in Receivables	(15,084)	32,156
(Decrease) in Payables	(104,795)	(10,914)
Movement in fair value of pension past service deficit liability	-	3,270
Unwinding of Discount on Pension Liability	-	(6,978)
Share Capital Written Off	(43)	(40)
Pension Adjustment	359,758	-
Net Cash Inflow from Operating Activities	<u>2,197,161</u>	<u>1,849,450</u>

#### 21. DEFERRED INCOME

	2019	2018
	£	£
<u>Social Housing Grants</u>		
Balance as at 1st October 2018	3,409,291	803,066
Additions in year	125,365	2,456,712
Transferred from Payables (Amounts falling due within one year)	-	180,964
Amortised in year	(182,327)	(31,451)
Balance as at 30th September 2019	<u>3,352,329</u>	<u>3,409,291</u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Within one year	182,400	75,500
In more than one year	3,169,929	3,333,791
	<u>3,352,329</u>	<u>3,409,291</u>



## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st October 2018	982
Issued in year	83
Cancelled in year	(43)
	<u>          </u>
At 30th September 2019	<u>1,022</u>

Each member of the Co-operative holds one share of £1 in the Co-operative. These shares carry no rights to dividend or distributions on a winding-up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Co-operative. Each member has a right to vote at members' meetings.

#### 23. HOUSING STOCK

	2019	2018
	No.	No.
The number of units of accommodation in management at the year ends was:-		
General Needs - New Build	471	443
General Needs - Rehabilitation	550	545
Supported Housing	2	2
	<u>          </u>	<u>          </u>
	<u>1,023</u>	<u>990</u>

#### 24. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Co-operative as defined by Financial Reporting Standard 102.

The related party relationships of the members of the Management Committee are summarised as follows:

- All members of the Management Committee are tenants of the Co-operative

The Management Committee have tenancies that are on the Co-operative's normal tenancy terms and they cannot use their positions to their advantage. Any transaction between the Co-operative and an entity with which a Management Committee member has a connection is made at arm's length and under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

- rent received from tenants on the Management Committee amounted to £47,030 (2018 - £38,537)

At the year end total rent arrears owed by the members of the Management Committee amounted to £0 (2018 - £2)

The Co-operative received £5,000 during the year from the Greater Pollok Barratt Community Development Trust of which one of the Co-operative's Management Committee members is a Trustee. The funds received contributed to the costs of the Co-operative's community fun day.

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 25. GOVERNING BODY MEMBER EMOLUMENTS

Members of the Management Committee received £1,738 in the year by way of reimbursement of expenses (2018 - £337). No remuneration is paid to members of the Management Committee in respect of their duties in the Co-operative.

#### 26. DETAILS OF CO-OPERATIVE

The Co-operative is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Co-operative's principal place of business is 250 Peat Road, Glasgow G53 6SA

The Co-operative is a Registered Social Landlord that owns and manages social housing property in the City of Glasgow.

#### 27. RETIREMENT BENEFIT OBLIGATIONS

##### General

Rosehill Housing Co-operative Limited participates in the Scottish Housing Associations' Pension Scheme ("the Scheme"), a multi-employer scheme which provides benefits to some 150 non-associated employers. The scheme is a defined benefit scheme in the UK. At 30 September 2019 there were 8 (2018 - 10) active members of the Scheme employed by the Co-operative.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A recovery plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

The Scheme is classed as a 'last man standing arrangement' therefore Rosehill Housing Co-operative Limited is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the pension 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.

For financial years ending on or before 30 September 2018, it has not been possible for Rosehill Housing Co-operative Limited to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore Rosehill Housing Co-operative Limited has accounted for the Scheme as a defined contribution scheme.

For the financial years ending on or after 30 September 2019, it is possible to obtain sufficient information to enable Rosehill Housing Co-operative Limited to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with Rosehill Housing Co-operative Limited's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 27. RETIREMENT BENEFIT OBLIGATIONS (continued)

<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)</b>	<b>2019 £000</b>	<b>2018 £000</b>
Fair value of plan assets	4,778	4,043
Present value of defined benefit obligation	5,293	4,602
Surplus (deficit) in plan	(515)	(559)
Defined benefit asset (liability) to be recognised	(515)	(559)
<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>	<b>2019 £000</b>	
Defined benefit obligation at start of period	4,602	
Current service cost	96	
Expenses	4	
Interest expense	125	
Contribution by plan participants	33	
Actuarial losses (gains) to scheme experience	(4)	
Actuarial losses (gains) due to changes in demographic assumptions	14	
Actuarial losses (gains) due to changes in financial assumptions	807	
Benefits paid and expenses	(384)	
Defined benefit obligation at end of period	5,293	
<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>2019 £000</b>	
Fair value of plan assets at start of period	4,043	
Interest income	110	
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	820	
Contributions by the employer	156	
Contributions by plan participants	33	
Benefits paid and expenses	(384)	
Fair value of plan assets at end of period	4,778	

The actual return on the plan assets (including any changes in share of assets) over the period ended 30 September 2019 was £930,000

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

REPORT & FINANCIAL STATEMENTS 30th September 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. RETIREMENT BENEFIT OBLIGATIONS (continued)

<b>Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)</b>	<b>2019 £000</b>
Current service cost	96
Expenses	4
Net interest expense	15
Defined benefit costs recognised in statement of comprehensive income (SOCl)	115

<b>Defined benefit costs recognised in Other Comprehensive Income</b>	<b>2019 £000</b>
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	820
Experience gains and losses arising on the plan liabilities - gain (loss)	4
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(14)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(807)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	3
Total amount recognised in other comprehensive income - gain (loss)	3

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 27. RETIREMENT BENEFIT OBLIGATIONS (continued)

<b>Assets</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Global Equity	678	744
Absolute Return	321	496
Distressed Opportunities	83	19
Credit Relative Value	100	-
Alternative Risk Premia	247	148
Fund of Hedge Funds	3	118
Emerging Markets Debt	140	122
Risk Sharing	137	74
Insurance-Linked Securities	120	127
Property	84	148
Infrastructure	197	137
Private Debt	67	59
Opportunistic Illiquid Credit	77	-
Corporate Bond Fund	375	292
Long Lease Property	81	-
Secured Income	138	153
Over 15 Year Gilts	60	110
Liability Driven Investment	1,864	1,298
Net Current Assets	6	(2)
Total Assets	4,778	4,043

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

## ROSEHILL HOUSING CO-OPERATIVE LIMITED

### REPORT & FINANCIAL STATEMENTS 30th September 2019

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 27. RETIREMENT BENEFIT OBLIGATIONS (continued)

<b>Key Assumptions</b>	<b>2019</b>	<b>2018</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount Rate	1.80	2.80
Inflation (RPI)	3.10	3.25
Inflation (CPI)	2.10	2.25
Salary Growth	3.10	3.25
Allowance for commutation of pension for cash at retirement	75% of maximum	75% of maximum

The mortality assumptions adopted at 30 September 2019 imply the following life expectancies:

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7