

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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REPORT & FINANCIAL STATEMENTS 30th September 2020

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2020

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# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2020

### MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

#### Management Committee

|             |                    |                      |
|-------------|--------------------|----------------------|
| K Stevenson | Chairperson        | Reappointed 18/02/20 |
| E Henderson | Vice-Chairperson   |                      |
| M Cameron   |                    | Reappointed 18/02/20 |
| M Baldie    |                    | Reappointed 18/02/20 |
| N Finlayson |                    |                      |
| J Thomson   |                    |                      |
| K Thomson   |                    |                      |
| S Bannerman |                    |                      |
| K Leitch    |                    |                      |
| W Anderson  | Resigned 23/03/20  |                      |
| J McArthur  | Resigned 31/10/19  |                      |
| A Inglis    | Appointed 18/02/20 | Resigned 28/05/20    |
| C Simpson   | Appointed 18/02/20 | Resigned 02/04/20    |

#### Executive Officers and Secretary

G Mogan Director & Secretary

#### External Auditors

Chiene + Tait LLP  
Chartered Accountants and  
Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

#### 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 2020

### REPORT OF THE MANAGEMENT COMMITTEE

The Committee of Management present their Report and Financial Statements for the year ended 30th September 2020.

#### **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 £1,151,216 (2019 - £1,181,170). Net Assets now stand at £36,712,341 (2019 - £35,595,138).

The Co-operative completed a major programme of external doors and window replacements during the year with 362 properties benefitting from these replacements since the programme commenced in June 2019.

Feasibility studies to build up to 45 new homes across two sites are ongoing and will be considered in the next financial year.

#### **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.

#### **Risk Management**

The Management Committee have a formal risk management process in place to assess risks and implement risk management control strategies. This involves identifying the types of risks the Co-operative faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying means of mitigating the risks.

Material risks identified in the year include risks associated with Covid-19, the end of the Brexit transition period, and risks associated with our development activities.

#### **Property Maintenance**

The Co-operative seeks to maintain its properties to the highest standard and updates its Asset Management Strategy on an annual basis. Stock conditions surveys are completed on a five year rolling programme and form the basis of our long term investment programme. Planned and cyclical maintenance programmes are completed annually in addition to reactive maintenance.

#### **Treasury Management**

The Co-operative has an active treasury management function, which it operates in accordance with the Treasury Management Policy approved by the Management Committee. In this way, the Co-operative manages its treasury management activities to ensure that it is always in a position to meet its financial obligations as they fall due, whilst maximising the return on excess cash and liquid resources held.

#### **Rental Income**

The Co-operative's Rent Setting and Review Policy is a points based system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Co-operative's properties. Rent levels are reviewed on an annual basis.

#### **Health and Safety**

The Co-operative takes its health and safety responsibilities seriously. All employees undertake regular health and safety training. The Co-operative consults with employees on health and safety matters so that their views can be taken into account in any decision making. Employees also participate in the completion of health and safety risk assessments.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2020

### REPORT OF THE MANAGEMENT COMMITTEE (Continued)

#### Equalities

The Co-operative is committed to promoting and supporting equality and diversity in all aspects of our work. Our main policy objective is to ensure that our governing body, staff, tenants, customers, contractors and anyone else we have dealings with are treated equally and fairly. Details of how we support and deliver this objective are included in our Equality and Diversity Policy.

#### Impact of Covid 19

The impact of Covid-19 has tested our risk management and emergency planning. Our speedy response to emerging Government advice served to reinforce our resilience and ability to adapt with the implementation of our business continuity plans, including staff being set up to work from home and maintenance of essential services to our tenants throughout. The Management Committee continue to monitor the situation closely both in terms of service provision and financial impacts.

#### 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.

#### Corporate Governance

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.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2020

### REPORT OF THE MANAGEMENT COMMITTEE (Continued)

#### 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.

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 2020. 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 re-appoint the Auditors, Chiene + Tait LLP, will be proposed at the Annual General Meeting.

#### By Order of the Committee of Management



K Stevenson  
Chairperson

Date: 17th February 2021

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2020

### 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 4 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.

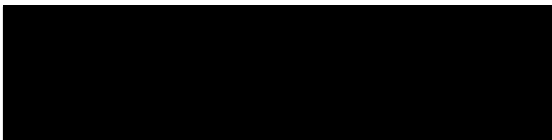
#### **Basis of Opinion**

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 4 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.



Chiene + Tait LLP  
Chartered Accountants & Statutory Auditor  
Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

Date: 17th February 2021

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### 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 (the Co-operative) for the year ended 30th September 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of its income and expenditure 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 requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of 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 the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other 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 which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has 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 are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

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; or
- we have not received all the information and explanations we need for our audit.



# ROSEHILL HOUSING CO-OPERATIVE LIMITED

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## REPORT & FINANCIAL STATEMENTS 30th September 2020

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

#### **Responsibilities of the Management Committee**

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 3, 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 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 either intend to liquidate the Co-operative or to cease operations, or have no realistic alternative but to do so.

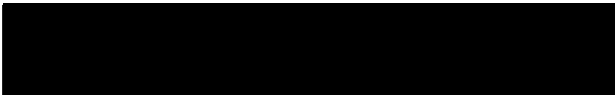
#### **Auditor's responsibilities for the audit of the financial statements**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils' website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.



Chiene + Tait LLP  
Chartered Accountants and Statutory Auditors  
61 Dublin Street  
Edinburgh  
EH3 6NL

Date: 17th February 2021

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### STATEMENT OF COMPREHENSIVE INCOME for the Year Ended 30th September 2020

|  | Notes | 2020        | 2019        |
|--|-------|-------------|-------------|
|  |       | £           | £           |
| <b>REVENUE</b>   | 2     | 4,275,115   | 4,235,518   |
| Operating Costs  | 2     | (3,143,071) | (3,081,356) |
| <b>OPERATING SURPLUS</b>                                     | 8     | 1,132,044   | 1,154,162   |
| Interest Receivable and Other Income                         |       | 61,207      | 94,750      |
| Interest Payable and Similar Charges                         | 7     | (21,441)    | (34,739)    |
| Other Finance Income / (Charges)                             | 10    | (9,000)     | (15,000)    |
|  |       | 30,766      | 45,011      |
| <b>SURPLUS BEFORE TAXATION</b>                               |       | 1,162,810   | 1,199,173   |
| <b>TAXATION</b>  |       | (11,594)    | (18,003)    |
| <b>SURPLUS FOR YEAR</b>                                      |       | 1,151,216   | 1,181,170   |
| <b>OTHER COMPREHENSIVE INCOME</b>                            |       |             |             |
| Adjustment relating to Opening Pension Liability             | 24    | -           | (128,371)   |
| Actuarial Gains / (Losses) on Defined Benefit Pension Scheme | 24    | (34,000)    | (11,872)    |
| <b>TOTAL COMPREHENSIVE INCOME</b>                            |       | 1,117,216   | 1,040,927   |

The Notes on pages 12 to 26 form part of this report and financial statements. All amounts relate to continuing operations.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### STATEMENT OF FINANCIAL POSITION as at the 30th of September 2020

|   | Notes | 2020        |                    | 2019        |                    |
|---|-------|-------------|--------------------|-------------|--------------------|
|   |       | £           | £                  | £           | £                  |
| <b>NON CURRENT ASSETS</b>                                     |       |             |                    |             |                    |
| Housing Properties - Depreciated Cost                         | 11    |             | 31,750,415         |             | 31,785,379         |
| Other Non Current Assets                                      | 11    |             | 395,303            |             | 407,821            |
|   |       |             | <u>32,145,718</u>  |             | <u>32,193,200</u>  |
| <b>CURRENT ASSETS</b>   |       |             |                    |             |                    |
| Inventories   |       | 4,864       |                    | 5,449       |                    |
| Receivables   | 14    | 197,630     |                    | 253,191     |                    |
| Cash at bank and in hand                                      |       | 10,929,182  |                    | 10,648,056  |                    |
|   |       |             | <u>11,131,676</u>  |             | <u>10,906,696</u>  |
| <b>PAYABLES:</b> Amounts falling due within one year          | 15    | (895,873)   |                    | (1,628,815) |                    |
|   |       |             | <u>10,235,803</u>  |             | <u>9,277,881</u>   |
| <b>NET CURRENT ASSETS</b>                                     |       |             |                    |             |                    |
|   |       |             | <u>10,235,803</u>  |             | <u>9,277,881</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                  |       |             |                    |             |                    |
|   |       |             | <u>42,381,521</u>  |             | <u>41,471,081</u>  |
| <b>PAYABLES:</b> Amounts falling due after more than one year | 16    | (1,825,080) |                    | (2,008,614) |                    |
| <b>PROVISION FOR PENSION SCHEME LIABILITY</b>                 | 24    | (444,000)   |                    | (515,000)   |                    |
| <b>DEFERRED INCOME</b>  |       |             |                    |             |                    |
| Social Housing Grants   | 18    | (3,400,100) |                    | (3,352,329) |                    |
|   |       |             | <u>(3,400,100)</u> |             | <u>(3,352,329)</u> |
| <b>NET ASSETS</b>   |       |             |                    |             |                    |
|   |       |             | <u>36,712,341</u>  |             | <u>35,595,138</u>  |
| <b>EQUITY</b>   |       |             |                    |             |                    |
| Share Capital   | 19    |             | 1,009              |             | 1,022              |
| Revenue Reserve   |       |             | 24,369,879         |             | 23,061,623         |
| Revaluation Reserve   |       |             | 12,785,453         |             | 13,047,493         |
| Pension Reserve   |       |             | (444,000)          |             | (515,000)          |
|   |       |             | <u>36,712,341</u>  |             | <u>35,595,138</u>  |

Signed on behalf of the Management Committee on 17th February 2021

  
K Stevenson  
Chairperson

  
S Bannerman

  
G Mogan  
Secretary

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### STATEMENT OF CASH FLOWS for the year ended 30th September 2020

|   | Notes | 2020      |            | 2019        |             |
|---|-------|-----------|------------|-------------|-------------|
|   |       | £         | £          | £           | £           |
| <b>Net Cash Inflow from Operating Activities</b>                                | 17    |           | 1,282,300  |             | 2,197,161   |
| <b>Corporation Tax Paid</b>   |       |           | (17,968)   |             | (16,179)    |
| <b>Investing Activities</b>   |       |           |            |             |             |
| Acquisition and Construction of Properties                                      |       | (976,330) |            | (2,800,619) |             |
| Purchase of Other Fixed Assets  |       | (15,982)  |            | (6,770)     |             |
| Social Housing Grant Received   |       | 132,090   |            | 90,732      |             |
| <b>Net Cash (Outflow) from Investing Activities</b>                             |       |           | (860,222)  |             | (2,716,657) |
| <b>Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing</b> |       |           | 404,110    |             | (535,675)   |
| <b>Financing Activities</b>   |       |           |            |             |             |
| Interest Received on Cash and Cash Equivalents                                  |       | 82,662    |            | 62,535      |             |
| Interest Paid on Loans  |       | (22,157)  |            | (35,800)    |             |
| Loan Principal Repayments   |       | (183,534) |            | (1,684,634) |             |
| Share Capital Issued  |       | 45        |            | 83          |             |
| <b>Net Cash (Outflow) from Financing Activities</b>                             |       |           | (122,984)  |             | (1,657,816) |
| <b>Increase / (Decrease) in Cash</b>  |       |           | 281,126    |             | (2,193,491) |
| <b>Opening Cash and Cash Equivalents</b>  |       |           | 10,648,056 |             | 12,841,547  |
| <b>Closing Cash and Cash Equivalents</b>  |       |           | 10,929,182 |             | 10,648,056  |

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### STATEMENT OF CHANGES IN EQUITY for the Year Ended 30th September 2020

|  | Share<br>Capital<br>£ | Pension<br>Reserves<br>£ | Revenue<br>Reserve<br>£ | Revaluation<br>Reserve<br>£ | Total<br>£        |
|--|-----------------------|--------------------------|-------------------------|-----------------------------|-------------------|
| <b>Balance as at 1 October 2019</b>    | 1,022                 | (515,000)                | 23,061,623              | 13,047,493                  | 35,595,138        |
| Issue of Shares                        | 45                    | -                        | -                       | -                           | 45                |
| Cancellation of Shares                 | (58)                  | -                        | -                       | -                           | (58)              |
| Other Comprehensive Income             | -                     | -                        | (34,000)                | -                           | (34,000)          |
| Transfer                               | -                     | 71,000                   | 191,040                 | (262,040)                   | -                 |
| Surplus For Year                       | -                     | -                        | 1,151,216               | -                           | 1,151,216         |
| <b>Balance as at 30 September 2020</b> | <u>1,009</u>          | <u>(444,000)</u>         | <u>24,369,879</u>       | <u>12,785,453</u>           | <u>36,712,341</u> |

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) (United Kingdom Generally Accepted Accounting Practice), the Housing Sorp 2018 'Statement of Recommended Practice for Registered Housing Providers' and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

The Co-operative is defined as a public benefit entity and thus it complies with all disclosure requirements relating to public benefit entities. The Co-operative is a registered social landlord in Scotland and its registration number is HAC174. The registered address is noted within the statutory information page at the start of the financial statements.

These financial statements represent the results of the Co-operative only and are presented in Pounds Sterling (GBP).

##### Going Concern

The Committee of Management anticipate that a surplus will be generated in the year to 30 September 2021. The Co-operative has a healthy cash and net current asset position and thus the Committee of Management are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statements. See note 25 for further narrative in respect of the impact of Covid-19.

##### 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 (SHAPS) and retirement benefits to employees of the Co-operative are funded by 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 Associations taken as a whole.

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers as at 31 March 2019 and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

A liability for the Co-operative's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### 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 11. 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                      |

##### 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.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **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.

##### **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 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

|                               | Notes | 2020             |                         |  | 2019             |                         |  |
|-------------------------------|-------|------------------|-------------------------|--|------------------|-------------------------|--|
|                               |       | Revenue<br>£     | Operating<br>Costs<br>£ | Operating<br>Surplus /<br>(Deficit)<br>£ | Revenue<br>£     | Operating<br>Costs<br>£ | Operating<br>Surplus /<br>(Deficit)<br>£ |
| Affordable Letting Activities | 3     | 4,266,988        | (3,135,960)             | 1,131,028                                | 4,217,310        | (3,040,924)             | 1,176,386                                |
| Other Activities              | 4     | 8,127            | (7,111)                 | 1,016                                    | 18,208           | (40,432)                | (22,224)                                 |
| <b>Total</b>                  |       | <b>4,275,115</b> | <b>(3,143,071)</b>      | <b>1,132,044</b>                         | <b>4,235,518</b> | <b>(3,081,356)</b>      | <b>1,154,162</b>                         |

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

|   | General               |                           | 2020<br>Total<br>£ | 2019<br>Total<br>£ |
|---|-----------------------|---------------------------|--------------------|--------------------|
|   | Needs<br>Housing<br>£ | Supported<br>Housing<br>£ |                    |                    |
| <b>Turnover from affordable letting activities</b>            |                       |                           |                    |                    |
| Rent receivable net of service charges                        | 4,120,695             | 31,951                    | 4,152,646          | 3,996,851          |
| Service charges receivable                                    | 2,114                 | 16,461                    | 18,575             | 19,484             |
| <b>Gross income from rents and service charges</b>            | <b>4,122,809</b>      | <b>48,412</b>             | <b>4,171,221</b>   | <b>4,016,335</b>   |
| <b>Less: Rent losses from voids</b>                           | <b>(17,460)</b>       | <b>(17,830)</b>           | <b>(35,290)</b>    | <b>(26,537)</b>    |
| <b>Net income from rents and service charges</b>              | <b>4,105,349</b>      | <b>30,582</b>             | <b>4,135,931</b>   | <b>3,989,798</b>   |
| Grants released from deferred income                          | 84,320                | -                         | 84,320             | 182,327            |
| Revenue grants from Scottish Ministers                        | 46,737                | -                         | 46,737             | 45,185             |
| <b>Total turnover from affordable letting activities</b>      | <b>4,236,406</b>      | <b>30,582</b>             | <b>4,266,988</b>   | <b>4,217,310</b>   |
| <b>Expenditure on social letting activities</b>               |                       |                           |                    |                    |
| Management and maintenance administration costs               | 1,091,229             | 8,124                     | 1,099,353          | 1,094,083          |
| Service costs   | 2,633                 | 19,135                    | 21,768             | 24,000             |
| Planned and cyclical maintenance including major repair costs | 579,707               | 6,182                     | 585,889            | 411,233            |
| Reactive maintenance costs                                    | 430,464               | 3,296                     | 433,760            | 543,597            |
| Bad debts - rents and service charges                         | 10,292                | -                         | 10,292             | 500                |
| Depreciation of affordable let properties                     | 975,085               | 9,813                     | 984,898            | 967,511            |
| <b>Operating costs for affordable letting activities</b>      | <b>3,089,410</b>      | <b>46,550</b>             | <b>3,135,960</b>   | <b>3,040,924</b>   |
| <b>Operating surplus for affordable letting activities</b>    | <b>1,146,996</b>      | <b>(15,968)</b>           | <b>1,131,028</b>   | <b>1,176,386</b>   |
| <b>(2019)</b>   | <b>1,188,770</b>      | <b>(12,384)</b>           | <b>1,176,386</b>   |                    |

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

|                                    | Revenue<br>Grants<br>£ | Other<br>Income<br>£ | Total<br>Revenue<br>£ | Operating<br>Costs<br>Bad Debts<br>£ | Operating<br>Costs<br>Other<br>£ | Operating<br>Surplus<br>/ (Deficit)<br>2020<br>£ | Operating<br>Surplus<br>/ (Deficit)<br>2019<br>£ |
|------------------------------------|------------------------|----------------------|-----------------------|--------------------------------------|----------------------------------|--|--|
| Factoring                          | -                      | 2,575                | 2,575                 | -                                    | (2,489)                          | 86   | (182)  |
| Development Activities             | -                      | -                    | -                     | -                                    | -                                | -  | (284)  |
| Wider role activities              | 5,552                  | -                    | 5,552                 | -                                    | (4,622)                          | 930  | (21,758)   |
| <b>Total from other activities</b> | <b>5,552</b>           | <b>2,575</b>         | <b>8,127</b>          | <b>-</b>                             | <b>(7,111)</b>                   | <b>1,016</b>                                     | <b>(22,224)</b>                                  |
| <b>2019</b>                        | <b>9,572</b>           | <b>8,636</b>         | <b>18,208</b>         | <b>-</b>                             | <b>(40,432)</b>                  | <b>(22,224)</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:

|  | 2020<br>£     | 2019<br>£     |
|--|---------------|---------------|
| Gross salary   | 71,377        | 68,016        |
| Benefits in Kind   | 194           | 194           |
| <b>Total emoluments payable to Chief Executive (excluding pension contributions)</b> | <b>71,571</b> | <b>68,210</b> |

The Chief Executive is an ordinary member of the Co-operative's pension scheme described in notes 1 and 24. 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 £11,235 (2019 - £9,114).

#### 6. EMPLOYEE INFORMATION

|   | 2020<br>No.    | 2019<br>No.    |
|---|----------------|----------------|
| The average monthly number of full time equivalent persons employed during the year was | 18             | 16             |
| The average total number of persons employed during the year was                        | 18             | 16             |
|   | £              | £              |
| Staff Costs were:   |                |                |
| Wages and Salaries  | 657,706        | 585,350        |
| National Insurance Costs  | 62,469         | 58,593         |
| Other Pension Costs   | 71,285         | 55,255         |
|   | <b>791,460</b> | <b>699,198</b> |

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. INTEREST PAYABLE

|                            | 2020   | 2019   |
|----------------------------|--------|--------|
|                            | £      | £      |
| On Bank Loans & Overdrafts | 21,441 | 34,739 |

#### 8. OPERATING SURPLUS

|  | 2020      | 2019    |
|--|-----------|---------|
|  | £         | £       |
| The Operating Surplus is stated after charging:- |           |         |
| Depreciation - tangible owned fixed assets       | 1,006,639 | 989,417 |
| Auditors' remuneration - audit services          | 7,440     | 7,080   |

#### 9. TAX ON SURPLUS FOR YEAR

|  | 2020   | 2019   |
|--|--------|--------|
|  | £      | £      |
| Corporation Tax has been provided on the Case III untaxed interest received and other non-rental income as follows:- |        |        |
| UK Corporation Tax   |        |        |
| Interest received  | 11,594 | 18,003 |
|  | 11,594 | 18,003 |

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

|   | 2020    | 2019     |
|---|---------|----------|
|   | £       | £        |
| Net interest on defined benefit pension obligations | (9,000) | (15,000) |
|   | (9,000) | (15,000) |

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. NON CURRENT ASSETS

##### a) Housing Properties

|                        | Held<br>for Letting<br>£ | In course of<br>Construction<br>£ | Total<br>£        |
|------------------------|--------------------------|-----------------------------------|-------------------|
| <b>COST</b>            |                          |                                   |                   |
| At 1st October 2019    | 39,193,930               | 88,608                            | 39,282,538        |
| Additions              | 872,656                  | 77,278                            | 949,934           |
| Scheme Transfers       | 52,130                   | (52,130)                          | -                 |
| Disposals              | (89,822)                 | -                                 | (89,822)          |
| At 30th September 2020 | <u>40,028,894</u>        | <u>113,756</u>                    | <u>40,142,650</u> |
| <b>DEPRECIATION</b>    |                          |                                   |                   |
| At 1st October 2019    | 7,497,159                | -                                 | 7,497,159         |
| Disposals              | (82,556)                 | -                                 | (82,556)          |
| Charge for Year        | 977,632                  | -                                 | 977,632           |
| At 30th September 2020 | <u>8,392,235</u>         | <u>-</u>                          | <u>8,392,235</u>  |
| <b>NET BOOK VALUE</b>  |                          |                                   |                   |
| At 30th September 2020 | <u>31,636,659</u>        | <u>113,756</u>                    | <u>31,750,415</u> |
| At 30th September 2019 | <u>31,696,771</u>        | <u>88,608</u>                     | <u>31,785,379</u> |

Additions to housing properties include capitalised development administration costs of £Nil (2019 - £Nil). Total capitalised expenditure on existing properties in the year amounted to £872,656. £551,638 of this expenditure related to component replacements. All land and housing properties are freehold.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. NON CURRENT ASSETS (continued)

##### b) Other Non Current Assets

|                               | Office<br>Office Premises<br>£ | Fixtures<br>& Fittings<br>£ | Tools &<br>Equipment<br>£ | Computer<br>Equipment<br>£ | Total<br>£ |
|-------------------------------|--------------------------------|-----------------------------|---------------------------|----------------------------|------------|
| <b>COST</b>                   |                                |                             |                           |                            |            |
| At 1st October 2019           | 551,300                        | 66,571                      | 33,121                    | 119,480                    | 770,472    |
| Additions                     | -                              | 3,060                       | 4,988                     | 1,176                      | 9,224      |
| Disposals                     | -                              | (3,089)                     | (4,031)                   | (2,144)                    | (9,264)    |
| At 30th September 2020        | 551,300                        | 66,542                      | 34,078                    | 118,512                    | 770,432    |
| <b>AGGREGATE DEPRECIATION</b> |                                |                             |                           |                            |            |
| At 1st October 2019           | 164,573                        | 61,987                      | 25,302                    | 110,789                    | 362,651    |
| Eliminated on Disposals       | -                              | (3,088)                     | (4,031)                   | (2,144)                    | (9,263)    |
| Charge for year               | 11,026                         | 1,580                       | 3,356                     | 5,779                      | 21,741     |
| At 30th September 2020        | 175,599                        | 60,479                      | 24,627                    | 114,424                    | 375,129    |
| <b>NET BOOK VALUE</b>         |                                |                             |                           |                            |            |
| At 30th September 2020        | 375,701                        | 6,063                       | 9,451                     | 4,088                      | 395,303    |
| At 30th September 2019        | 386,727                        | 4,584                       | 7,819                     | 8,691                      | 407,821    |

#### 12. CAPITAL COMMITMENTS

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements. | 247,440   | 906,017   |

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

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. INVENTORIES

|                       | 2020  | 2019  |
|-----------------------|-------|-------|
|                       | £     | £     |
| Maintenance materials | 4,864 | 1,522 |

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

|                                    | 2020     | 2019     |
|------------------------------------|----------|----------|
|                                    | £        | £        |
| Arrears of Rent & Service Charges  | 125,318  | 102,907  |
| Less: Provision for Doubtful Debts | (49,006) | (44,759) |
|                                    | 76,312   | 58,148   |
| Social Housing Grant Receivable    | -        | 75,417   |
| Other Receivables                  | 3,518    | 14,673   |
| Prepayments and Accrued Income     | 117,800  | 104,953  |
|                                    | 197,630  | 253,191  |

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

|                                    | 2020    | 2019      |
|------------------------------------|---------|-----------|
|                                    | £       | £         |
| Housing Loans                      | 183,535 | 183,535   |
| Trade Payables                     | 135,250 | 759,146   |
| Rent in Advance                    | 122,759 | 116,741   |
| Social Housing Grant in Advance    | -       | 40,784    |
| Corporation Tax                    | 11,629  | 18,003    |
| Other Taxation and Social Security | 18,448  | 20,866    |
| Other Payables                     | 334,687 | 353,836   |
| Accruals and Deferred Income       | 89,565  | 135,904   |
|                                    | 895,873 | 1,628,815 |

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | £                | £                |
| Housing Loans   | 1,825,080        | 2,008,614        |
|   | <u>1,825,080</u> | <u>2,008,614</u> |
| <br><b>Housing Loans</b>  |                  |                  |
| 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          | 183,535          |
| - in one year or more but less than two years   | 183,535          | 183,535          |
| - in two years or more but less than five years   | 550,605          | 550,605          |
| - in more than five years   | 1,090,940        | 1,274,474        |
|   | <u>2,008,615</u> | <u>2,192,149</u> |
| Less: included within current liabilities   | (183,535)        | (183,535)        |
|   | <u>1,825,080</u> | <u>2,008,614</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.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. STATEMENT OF CASH FLOWS

| <i>a) Reconciliation of operating surplus to balance as at 30th September 2020</i> | 2020             | 2019             |
|--|------------------|------------------|
|  | £                | £                |
| Operating Surplus  | 1,132,044        | 1,154,162        |
| Depreciation   | 1,006,639        | 989,417          |
| Amortisation of Social Housing Grants  | (84,320)         | (182,327)        |
| Decrease / (Increase) in Stocks  | 585              | (3,927)          |
| (Increase) in Receivables  | (6,677)          | (15,084)         |
| (Decrease) in Payables   | (651,913)        | (104,795)        |
| Share Capital Written Off  | (58)             | (43)             |
| Pension Adjustment   | (114,000)        | 359,758          |
| Net Cash Inflow from Operating Activities  | <u>1,282,300</u> | <u>2,197,161</u> |

| <i>b) Reconciliation of net cash flow to movement in net funds</i> | £                 | £                       |
|--|-------------------|-------------------------|
| Increase in cash   | 281,126           |                         |
| Cash flow from change in net debt                                  | 183,534           |                         |
|  | <u>          </u> |                         |
| Movement in net funds during year                                  |                   | 464,660                 |
| Net funds at 1st October 2019                                      |                   | <u>8,455,907</u>        |
| Net funds at 30th September 2020                                   |                   | <u><u>8,920,567</u></u> |

| <i>c) Analysis of changes in net funds</i> | At 01.10.19       | Cashflows         | Other Changes     | At 30.09.20       |
|--|-------------------|-------------------|-------------------|-------------------|
|  | £                 | £                 | £                 | £                 |
| Cash at bank and in hand                   | 10,648,056        | 281,126           | -                 | 10,929,182        |
| Short Term Deposits                        | -                 | -                 | -                 | -                 |
| Debt                                       | (2,192,149)       | 183,534           | -                 | (2,008,615)       |
|  | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Net debt                                   | <u>8,455,907</u>  | <u>464,660</u>    | <u>-</u>          | <u>8,920,567</u>  |



# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. DEFERRED INCOME

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | £                | £                |
| Social Housing Grants  |                  |                  |
| Balance as at 1st October 2019   | 3,352,329        | 3,409,291        |
| Additions in year  | 132,091          | 125,365          |
| Amortised in year  | (84,320)         | (182,327)        |
|  | <u>3,400,100</u> | <u>3,352,329</u> |
| Balance as at 30th September 2020  | <u>3,400,100</u> | <u>3,352,329</u> |
| This is expected to be released to the Statement of Comprehensive Income as follows: |                  |                  |
| Within one year  | 182,400          | 182,400          |
| In more than one year  | 3,217,700        | 3,169,929        |
|  | <u>3,400,100</u> | <u>3,352,329</u> |

#### 19. SHARE CAPITAL

| Shares of £1 each Issued and Fully Paid | £            |
|---|--------------|
| At 1st October 2019                     | 1,022        |
| Issued in year                          | 45           |
| Cancelled in year                       | (58)         |
|   | <u>1,009</u> |
| At 30th September 2020                  | <u>1,009</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.

#### 20. HOUSING STOCK

|   | 2020         | 2019         |
|---|--------------|--------------|
|   | No.          | No.          |
| The number of units of accommodation in management at the year ends was:- |              |              |
| General Needs - New Build   | 471          | 471          |
| General Needs - Rehabilitation  | 559          | 550          |
| Supported Housing   | 2            | 2            |
|   | <u>1,032</u> | <u>1,023</u> |

#### 21. 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.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RELATED PARTY TRANSACTIONS (Continued)

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

- rent received from tenants on the Management Committee amounted to £52,213 (2019 - £47,030)

At the year end total rent arrears owed by the members of the Management Committee amounted to £Nil (2019 - £Nil)

#### 22. GOVERNING BODY MEMBER EMOLUMENTS

Members of the Management Committee received £335 in the year by way of reimbursement of expenses (2019 - £1,738). No remuneration is paid to members of the Management Committee in respect of their duties in the Co-operative.

#### 23. 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.

#### 24. 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 2020 there were 8 (2019 - 8) active members of the Scheme employed by Rosehill Housing Co-operative Limited.

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 2018. This valuation revealed a deficit of £121m. A recovery plan has been put in place to eliminate the deficit which will run to 30 September 2022 or 31 March 2023 (depending on funding levels) 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 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 28 February 2019, 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 31 March 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, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with Rosehill Housing Co-operative Limited's fair share of the Scheme's total assets to calculate Rosehill Housing Co-operative Limited's net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

| <b>Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)</b> | <b>2020<br/>£000</b> | <b>2019<br/>£000</b> |
|---|----------------------|----------------------|
| Fair value of plan assets   | 4,980                | 4,778                |
| Present value of defined benefit obligation   | 5,424                | 5,293                |
| Surplus (deficit) in plan   | (444)                | (515)                |
| Defined benefit asset (liability) to be recognised  | (444)                | (515)                |

#### **Reconciliation of opening and closing balances of the defined benefit obligation**

|  | <b>2020<br/>£000</b> |
|--|----------------------|
| Defined benefit obligation at start of period                      | 5,293                |
| Current service cost   | 82                   |
| Expenses   | 5                    |
| Interest expense   | 96                   |
| Member contributions   | 44                   |
| Actuarial losses (gains) to scheme experience                      | 80                   |
| Actuarial losses (gains) due to changes in demographic assumptions | (34)                 |
| Actuarial losses (gains) due to changes in financial assumptions   | (37)                 |
| Benefits paid and expenses   | (105)                |
| Defined benefit obligation at end of period                        | 5,424                |

#### **Reconciliation of opening and closing balances of the fair value of plan assets**

|   | <b>2020<br/>£000</b> |
|---|----------------------|
| Fair value of plan assets at start of period  | 4,778                |
| Interest income   | 87                   |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (25)                 |
| Employer contributions  | 201                  |
| Member contributions  | 44                   |
| Benefits paid and expenses  | (105)                |
| Fair value of plan assets at end of period  | 4,980                |

The actual return on plan assets (including any changes in share of assets) over the period from 30 September 2019 to 30 September 2020 was £62,000

# ROSEHILL HOUSING CO-OPERATIVE LIMITED

## REPORT & FINANCIAL STATEMENTS 30th September 2020

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

| <b>Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)</b> | <b>2020<br/>£000</b> |
|---|----------------------|
| Current service cost  | 82                   |
| Expenses  | 5                    |
| Net interest expense  | 9                    |
| Defined benefit costs recognised in statement of comprehensive income (SOCl)        | 96                   |

| <b>Defined benefit costs recognised in Other Comprehensive Income</b>  | <b>2020<br/>£000</b> |
|--|----------------------|
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)                                      | (25)                 |
| Experience gains and losses arising on the plan liabilities - gain (loss)  | (80)                 |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | 34                   |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)   | 37                   |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)          | (34)                 |
| Total amount recognised in other comprehensive income - gain (loss)  | (34)                 |

#### 25. SUBSEQUENT EVENTS

Subsequent to the year-end the Management Committee are aware of the potential uncertainties related to Covid-19. However, the Management Committee are continually developing and implementing mitigating actions and processes to ensure that the Co-operative continues to function and manage future operations and those of their workforce and stakeholders. While there was an initial increase in rent arrears following the start of lockdown, the Co-operative has been focussed on tenant support and is in regular contact with tenants regarding changes in circumstances. As a result of the strong cash position of the Co-operative and the low levels of debt in place there are no material concerns for the Co-operative at this point regarding continued future viability.