

Easthall Park Housing Co-operative Limited

Report and Financial Statements

For the year ended 31st March 2010



Registered Housing Association No.HAC 238

FSA Reference No. 2409R(S)

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

**MANAGEMENT COMMITTEE , EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2010**

MANAGEMENT COMMITTEE

Mary Davidson	Chairperson
Joe Gracey	Vice-Chair
Charles Harvey	Secretary
Agnes Sweaton	Treasurer
Margaret Kerr	
Charlotte Skewis	
Caroline Cooper	
Nicola Ryan	Resigned 28/10/09
Jane Gallacher	
Josephine Warley	Co-opted
Joan Walker	Co-opted
Patricia Thompson	Co-opted
Catherine McIntyre	Appointed 07/09/09, Deceased 13/01/10

EXECUTIVE OFFICERS

John McMorrow	Director
Audrey Roy	Finance Manager
Janice McNichol	Development Manager
Barry Johnstone	Core Services Manager

REGISTERED OFFICE

Glenburn Office
6 Glenburnie Place
Easterhouse
Glasgow
G34 9AN

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

The Royal Bank of Scotland
Glasgow Parkhead Branch
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

Naftalin Duncan & Co
534 Sauchiehall Street
Glasgow
G2 3LX

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Co-operative is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2409R(S). The Co-operative is constituted under its Rule Book.

Principal Activities

The principal activities of the Co-operative are the provision and management of affordable rented accommodation and the development of low cost home ownership schemes.

Review of Business and Future Developments

The Co-operative has been successful in our negotiations with Glasgow City Council and Glasgow Housing Association in relation to the strategic clearance and regeneration of the Kildermorie area.

The first of the new build properties to be built in Kildermorie have completed. (35 units during 2008/09 and 41 units during 2009/10).

The 2nd phase of 70 newbuild units for rent at Kildermorie went on site during the year. However, the first of the new homes are not due to be handed over to the Co-operative until 2010/11.

Easthall Park continues to support Moriehall Housing Association (a subsidiary organisation set up to manage the existing GHA properties) by providing staff time under the terms of a management agreement.

The Co-operative continues to look at the possibility of 2nd stage transfer for the remaining GHA properties in the Easthall and Kildermorie area and is examining the possibility of submitting a business case based on valuations received.

The Co-operative continues to work on wider role activities by working in partnership with a number of agencies particularly Easthall Residents Association and is utilising the Glenburn Centre for this purpose.

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Co-operative. The Executive Officers hold no interest in the Co-operative's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2010**

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management 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 surplus or deficit of the Co-operative for that period. In preparing those Financial Statements, the Management 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 the 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 Management 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 them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Co-operative's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Co-operative's auditors in connection with preparing their report) of which the Co-operative's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Co-operative's Auditors are aware of that information

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2010**

Statement on Internal Financial Control

The Management Committee acknowledges its 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;
- 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 mis-statement 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 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 key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular 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
- 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 control procedures are in place and are being followed 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 through internal or external audit reports.

Donations

During the year the Co-operative made charitable donations amounting to £1,127 (2009 £1,650).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



CHARLES HARVEY
Secretary
25 August 2010

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
EASTHALL PARK HOUSING CO-OPERATIVE LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Co-operative's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

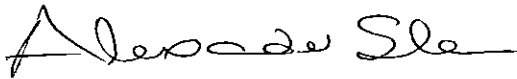
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 members of the Management Committee and Officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
25 August 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EASTHALL PARK HOUSING CO-OPERATIVE LIMITED**

We have audited the financial statements of Easthall Park Housing Co-operative Limited for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Co-operative's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 auditors' 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.

Respective Responsibilities of Management Committee and Auditors

As described in the Statement of Management Committee's Responsibilities the Co-operative's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is consistent with the Financial Statements, if the Co-operative has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Management Committee's remuneration and transactions with the Co-operative is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Management Committee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Co-operative's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

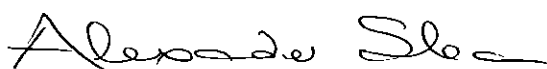
In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Co-operative's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.

In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
25 August 2010

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	2010 £	2009 £
TURNOVER	2.	1,856,907	1,541,494
Operating Costs	2.	<u>(1,440,408)</u>	<u>(1,241,935)</u>
OPERATING SURPLUS	9.	416,499	299,559
Profit on Sale of Housing Stock	7.	-	(1,148)
Interest Receivable and Other Income		21,090	57,112
Interest Payable and Similar Charges	8.	<u>(198,287)</u>	<u>(269,283)</u>
		<u>(177,197)</u>	<u>(213,319)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		239,302	86,240
Tax on surplus on ordinary activities	10.	<u>(4,429)</u>	<u>(11,994)</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>234,873</u></u>	<u><u>74,246</u></u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		45,189,827		39,197,489
Less: Social Housing Grant	11.(a)		(36,707,793)		(32,561,591)
: Other Public Grants	11.(a)		(8,638)		(8,638)
			<u>8,473,396</u>		<u>6,627,260</u>
Other fixed assets	11.(b)		380,828		404,762
			<u>8,854,224</u>		<u>7,032,022</u>
CURRENT ASSETS					
Debtors	14.	269,566		191,751	
Investments	23.	800,000		800,000	
Cash at bank and in hand		1,504,714		921,473	
			<u>2,574,280</u>	<u>1,913,224</u>	
CREDITORS: Amounts falling due within one year	15.	(1,895,672)		(1,942,791)	
			<u>678,608</u>		<u>(29,567)</u>
NET CURRENT ASSETS			<u>9,532,832</u>		<u>7,002,455</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS: Amounts falling due after more than one year	16.	(7,345,504)		(5,050,039)	
			<u>2,187,328</u>		<u>1,952,416</u>
NET ASSETS			<u><u>2,187,328</u></u>		<u><u>1,952,416</u></u>
CAPITAL AND RESERVES					
Share Capital	18.		547		508
Designated Reserves	19.(a)		1,866,194		1,631,322
Revenue Reserves	19.(b)		320,587		320,586
			<u>2,187,328</u>		<u>1,952,416</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on

25 August 2010

Mary Davidson
Chairperson

M. Davidson

Agnes Sweeton
Treasurer

Agnes Sweeton

Charles Harvey
Secretary

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EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2010**

	Notes	2010 £	2009 £
Net Cash Inflow from Operating Activities	17.	653,220	434,909
Returns on Investment and Servicing of Finance			
Interest Received	47,017	47,913	
Interest Paid	(198,914)	(270,071)	
Net Cash (Outflow) from Investment and Servicing of Finance		(151,897)	(222,158)
Taxation			
Corporation Tax Paid	(11,994)	(11,577)	
Net Cash (Outflow) from Taxation		(11,994)	(11,577)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(5,797,516)	(6,908,172)	
Purchase of Other Fixed Assets	(25,409)	(30,184)	
Social Housing Grant Received	3,991,715	7,005,147	
Social Housing Grant Repaid	-	(22,452)	
Other Grants Received	-	20,000	
Proceeds on Disposal of Properties	-	25,112	
Net Cash (Outflow) / Inflow from Capital Expenditure and Financial Investment		(1,831,210)	89,451
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing		(1,341,881)	290,625
Financing			
Loan Advances Received	2,767,474	-	
Loan Principal Repayments	(300,182)	(210,575)	
Share Capital Issued	76	54	
Net Cash Inflow / (Outflow) from Financing		2,467,368	(210,521)
Increase in Cash	17.	<u>1,125,487</u>	<u>80,104</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The Co-operative has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Easthall Park Housing Co-operative Limited present information about it as an individual undertaking and not about its Group.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Co-operative participates in the S.F.H.A. Defined Benefits 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 Co-operatives taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

Other Fixed 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 Premises	- 3.33%
Furniture and Fittings	- 20% straight line
Office Equipment	- 20% straight line

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account 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.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Taxation

The Co-operative pays Corporation Tax on all its taxable surpluses. Under Section 488 of the Income and Corporation Taxes Act 1988, taxation is only chargeable on investment income and capital gains.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association 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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Co-operative's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BREAKDOWN OF TURNOVER (BY CLASS OF SERVICE) AND COSTS OF SERVICES (BY CLASS OF SERVICE)

	Notes	2010			2009		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,655,830	1,186,670	469,160	1,361,816	1,020,204	341,612
Other Activities	4.	201,077	253,738	(52,661)	179,678	221,731	(42,053)
Total		1,856,907	1,440,408	416,499	1,541,494	1,241,935	299,559

3. BREAKDOWN OF RENT INCOME BY TYPE OF HOUSING AND GENERAL PURPOSES

	General Needs Housing £	Supported Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,649,671	-	7,547	1,657,218	1,362,399
Service Charges Receivable	-	-	-	-	-
Gross Rents Receivable	1,649,671	-	7,547	1,657,218	1,362,399
Less: Rent losses from voids	1,388	-	-	1,388	583
Net Rents Receivable	1,648,283	-	7,547	1,655,830	1,361,816
Total Income From Social Letting	1,648,283	-	7,547	1,655,830	1,361,816
Expenditure on Social Letting Activities					
Service Costs	63,179	-	289	63,468	48,248
Management and maintenance administration costs	427,233	-	1,931	429,164	400,133
Reactive Maintenance	279,117	-	-	279,117	207,677
Bad Debts - Rents and Service Charges	11,003	-	-	11,003	7,885
Planned and Cyclical Maintenance, including Major Repairs	275,260	-	-	275,260	248,379
Depreciation of Social Housing	122,868	-	5,790	128,658	107,882
Operating Costs of Social Letting	1,178,660	-	8,010	1,186,670	1,020,204
Operating Surplus on Social Letting Activities	469,623	-	(463)	469,160	341,612
2009				337,183	4,429

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2010	Operating Surplus / (Deficit) 2009
	£	£	£	£	£	£	£	£	£
Wider Role Activities	125,954	-	12,500	-	138,454	-	180,715	(42,261)	(35,032)
Factoring	-	-	-	2,583	2,583	-	2,583	-	(20)
Agency / Management services for other RSLs	-	-	-	60,003	60,003	-	60,003	-	-
Rechargeable Repairs	-	-	-	-	-	10,437	-	(10,437)	(8,000)
Other Income	-	-	-	37	37	-	-	37	999
Total From Other Activities	125,954	-	12,500	62,623	201,077	10,437	243,301	(52,661)	(42,053)
2009	103,487	12,500	-	63,691	179,678	8,000	213,731	(42,053)	

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2010	2009
£	£

No Officer of the Co-operative received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>58,900</u>	<u>57,664</u>
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6. EMPLOYMENT RECORD

	2010	2009
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>8</u>	<u>7</u>

Staff Costs were:

	£	£
Wages and Salaries	322,183	276,274
Social Security Costs	23,759	19,602
Other Pension Costs	30,499	26,281
	<u>376,441</u>	<u>322,157</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2010	2009
	£	£
Sales Proceeds	-	25,112
Cost of Sales	-	26,260
Gain On Sale Of Housing Stock	-	(1,148)

8. INTEREST PAYABLE

	2010	2009
	£	£
On Bank Loans & Overdrafts	218,170	270,071
Due on underpaid tax	2,488	-
	220,658	270,071
Less: Interest Capitalised	22,371	788
	198,287	269,283

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £Nil (2009 £Nil).

Interest capitalised was incurred at 4.82%.

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	168,595	146,546
Auditors' Remuneration - Audit Services	5,610	5,900
- Other Services	5,376	879
Operating Lease Rentals - Other	1,076	916

10. TAX ON CORPUS OF THE SURPLUS ON ORDINARY ACTIVITIES

	2010	2009
	£	£
(i) Analysis of Charge in Year		
Current Tax:		
UK Corporation Tax on surplus for the year	4,429	11,994
Total Current Tax (Note 10(ii))	4,429	11,994
Tax on surplus on Ordinary Activities	4,429	11,994
(ii) Factors affecting tax charge for period		
The tax assessed for the period is lower than the standard rate of Corporation Tax in the U.K. (21%). The differences are explained below:		
Surplus on ordinary activities before tax	239,302	86,240
Surplus on ordinary activities multiplied by standard rate of Corporation Tax in the U.K. of 21%(2009:21%)	50,253	18,110
Effects of: Surplus / (Deficit) on Housing Activities	(45,824)	(6,116)
Current tax charge for period (Note 10(i))	4,429	11,994

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2009	30,139,792	9,371,164	435,588	39,946,544
Additions	26,698	6,094,298	-	6,120,996
Disposals	-	-	-	-
Schemes Completed	10,527,349	(10,527,349)	-	-
As at 31st March 2010	<u>40,693,839</u>	<u>4,938,113</u>	<u>435,588</u>	<u>46,067,540</u>
DEPRECIATION				
As at 1st April 2009	736,338	-	12,717	749,055
Charge for Year	122,868	-	5,790	128,658
Disposals	-	-	-	-
As at 31st March 2010	<u>859,206</u>	<u>-</u>	<u>18,507</u>	<u>877,713</u>
SOCIAL HOUSING GRANT				
As at 1st April 2009	23,777,065	8,539,382	245,144	32,561,591
Additions	20,810	4,125,392	-	4,146,202
Disposals	-	-	-	-
Schemes Completed	7,755,668	(7,755,668)	-	-
As at 31st March 2010	<u>31,553,543</u>	<u>4,909,106</u>	<u>245,144</u>	<u>36,707,793</u>
OTHER CAPITAL GRANTS				
As at 1st April 2009	8,638	-	-	8,638
Additions	-	-	-	-
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2010	<u>8,638</u>	<u>-</u>	<u>-</u>	<u>8,638</u>
NET BOOK VALUE				
As at 31st March 2010	<u>8,272,452</u>	<u>29,007</u>	<u>171,937</u>	<u>8,473,396</u>
As at 31st March 2009	<u>5,617,751</u>	<u>831,782</u>	<u>177,727</u>	<u>6,627,260</u>

Additions to housing properties includes capitalised development administration costs of £36,866 (2009 - £39,611) and capitalised major repair costs to existing properties of £Nil (2009 £Nil)

All land and housing properties are freehold.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Community Facility £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2009	1,113,675	522,773	188,306	1,824,754
Additions	-	-	16,003	16,003
Eliminated on Disposals	-	-	-	-
As at 31st March 2010	<u>1,113,675</u>	<u>522,773</u>	<u>204,309</u>	<u>1,840,757</u>
SOCIAL HOUSING GRANT	320,000	-	-	320,000
As at 1st April 2009	-	-	-	-
Received in year	-	-	-	-
Repaid on Disposal	-	-	-	-
As at 31st March 2010	<u>320,000</u>	<u>-</u>	<u>-</u>	<u>320,000</u>
GRANTS RECEIVED				
As at 1st April 2009	793,675	85,000	1,901	880,576
Received in year	-	-	-	-
Repaid on Disposal	-	-	-	-
As at 31st March 2010	<u>793,675</u>	<u>85,000</u>	<u>1,901</u>	<u>880,576</u>
AGGREGATE DEPRECIATION				
As at 1st April 2009	-	76,965	142,451	219,416
Charge for year	-	17,426	22,511	39,937
Eliminated on disposal	-	-	-	-
As at 31st March 2010	<u>-</u>	<u>94,391</u>	<u>164,962</u>	<u>259,353</u>
NET BOOK VALUE				
As at 31st March 2010	<u>-</u>	<u>343,382</u>	<u>37,446</u>	<u>380,828</u>
As at 31st March 2009	<u>-</u>	<u>360,808</u>	<u>43,954</u>	<u>404,762</u>

The land on which the Community Facility is built is held under a lease agreement with Glasgow City Council. The lease was signed in November 2004 and will last for a period of 60 years.

12. CAPITAL COMMITMENTS

	2010 £	2009 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>5,882,129</u>	<u>1,827,291</u>

The above commitments will be financed by a mixture of public grant, private finance and the Co-operative's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:	2010 £	2009 £
Land and Buildings		
Expiring between two and five years	<u>1,076</u>	<u>916</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2010 £	2009 £
Arrears of Rent & Service Charges	58,243	59,292
Less: Provision for Doubtful Debts	(11,529)	(17,885)
	46,714	41,407
Social Housing Grant Receivable	149,287	17,252
Other Debtors	73,565	133,092
	<u>269,566</u>	<u>191,751</u>

15. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Bank Overdrafts	90,703	632,949
Housing Loans	446,174	274,348
Trade Creditors	1,166,399	871,697
Rent in Advance	67,847	53,747
Social Housing Grant in Advance	-	22,452
Corporation Tax	4,429	11,994
Other Taxation and Social Security	-	6,874
Other Creditors	43,113	23,006
Accruals and Deferred Income	77,006	45,724
	<u>1,895,672</u>	<u>1,942,791</u>

At the balance sheet date there were pension contributions outstanding of £Nil (2009 £425)

16. CREDITORS: Amounts falling due after more than one year

	2010 £	2009 £
Housing Loans	<u>7,345,504</u>	<u>5,050,039</u>

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:-

Within one year	446,174	274,348
Between one and two years	454,480	282,294
Between two and five years	1,374,514	897,400
In five years or more	5,516,510	3,870,345
	<u>7,791,678</u>	<u>5,324,387</u>
Less: Amount shown in Current Liabilities	446,174	274,348
	<u>7,345,504</u>	<u>5,050,039</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17: CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2010 £	2009 £
Operating Surplus	416,499	299,559
Depreciation	168,595	146,546
Change in Debtors	28,293	4,193
Change in Creditors	39,870	(15,369)
Share Capital Written Off	(37)	(20)
Net Cash Inflow from Operating Activities	<u>653,220</u>	<u>434,909</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £	£	2009 £	£
Increase in Cash	1,125,487		80,104	
Cash flow from management of liquid resources	-		-	
Cash flow from change in debt	(2,467,291)		210,575	
Movement in net debt during year		(1,341,804)		290,679
Net debt at 1st April 2009		(4,235,863)		(4,526,542)
Net debt at 31st March 2010		<u>(5,577,667)</u>		<u>(4,235,863)</u>

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	At 31.03.10 £
Cash at bank and in hand	921,473	583,241	1,504,714
Bank Overdrafts	(632,949)	542,246	(90,703)
	288,524	1,125,487	1,414,011
Liquid Resources	800,000	-	800,000
Debt: Due within one year	(274,348)	(171,826)	(446,174)
Due after more than one year	(5,050,039)	(2,295,465)	(7,345,504)
Net Debt	<u>(4,235,863)</u>	<u>(1,341,804)</u>	<u>(5,577,667)</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	508
Issued in year	76
Cancelled in year	(37)
At 31st March 2010	<u>547</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.

19. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2009	396,988	1,234,334	1,631,322
Transfer from Revenue Reserves	<u>126,000</u>	<u>108,872</u>	<u>234,872</u>
At 31st March 2010	<u>522,988</u>	<u>1,343,206</u>	<u>1,866,194</u>

(b) Revenue Reserves	Total £
At 1st April 2009	320,586
Surplus for the Year	234,873
Transfer to Designated Reserves	<u>(234,872)</u>
At 31st March 2010	<u>320,587</u>

20. ACCOMMODATION

The number of units of accommodation in management at the year end was:-	2010 No.	2009 No.
General Needs - New Build	392	351
- Rehabilitation	147	147
Shared Ownership	4	4
Supported Housing	-	-
	<u>543</u>	<u>502</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Co-operative as defined by Financial Reporting Standard 8.

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

10 members are tenants of the Co-operative

Those members that are tenants of the Co-operative have tenancies that are on the Co-operative's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Co-operative and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

Four members on the Management Committee are trustees of a charitable company, Easthall Residents Association. During the year overheads totalling £9,630 (2009: £13,228) and finance services totalling £1,800 (2009: £3,600) were re-charged by Easthall Park Housing Co-operative Ltd to Easthall Residents Association. Other Debtors includes £4,717 (2009: £9,635) due from Easthall Residents Association with £6,955 (2009: £Nil) included within Creditors.

22. SUBSIDIARY UNDERTAKINGS

The Co-operative has a subsidiary Moriehall Housing Association Ltd, a company limited by guarantee. The relationship between the Co-operative and its subsidiary is set out in an independence agreement between both parties.

During the year, office overheads totalling £20,852 (2009: £15,256) and staff costs totalling £58,203 (2009: £54,623) were re-charged by Easthall Park Housing Co-operative Ltd to Moriehall Housing Association Ltd. Moriehall Housing Association Ltd re-charged Easthall Park Housing Co-operative Ltd £47,203 (2009: £45,106) for staff costs during the year. Other debtors included £19,811 (2009: £4,357) of overheads and staff recharges due from Moriehall Housing Association Ltd. Other creditors includes £11,777 (2009: £Nil) of staff recharges due to Moriehall Housing Association Ltd.

The aggregate amount of capital and reserves and the results of Moriehall Housing Association Ltd for the year ended 31 March 2010 were as follows:

	2010	2009
	£	£
Capital & Reserves	80,459	73,104
Surplus for the year	7,355	10,691

23. CURRENT ASSET INVESTMENTS

	2010	2009
	£	£
Short Term Deposits	800,000	800,000

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. PENSION BENEFIT OBLIGATIONS

General

Easthall Park Housing Co-operative Limited participates in the SFHA Pension Scheme.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme

The Scheme offers three benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Easthall Park Housing Co-operative Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Easthall Park Housing Co-operative Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 6 active members of the Scheme employed by Easthall Park Housing Co-operative Limited. The annual pensionable payroll in respect of these members was £187,874. Easthall Park Housing Co-operative Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared with the value of liabilities of £54m (equivalent to a past service funding level of 83.4%).

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. REQUIREMENTS FOR FUNDING OF PENSIONS (Continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. REQUIREMENTS FOR FUTURE BENEFITS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RECOVERY PLAN FOR THE SFHA PENSION SCHEME (Continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6 million to £160 million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit option structures from April 2011.

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

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

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