

**Easthall Park Housing Co-operative Limited**

**Report and Financial Statements**

**For the year ended 31st March 2014**

**Registered Housing Association No.HAC238**

**FCA Reference No. 2409R(S)**

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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**EASTHALL PARK HOUSING CO-OPERATIVE LIMITED**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2014**

**MANAGEMENT COMMITTEE**

Joe Gracey	Chairperson
Charlotte Skewis	Vice Chair
Mary Davidson	Secretary
Alison Cushingham	Treasurer
Caroline Cooper	
Rosalind Murphy	
Pauline Wilson	
Charles Harvey	
George McNaught	
Patricia Thompson	Co-opted
Josephine Warley	Co-opted
Rachael McCann MBE	Resigned 02/09/13
Jane Gallagher	Resigned 25/09/13
Agnes Sweaton	Resigned 30/10/13

**EXECUTIVE OFFICERS**

John McMorrow	Director
Barry Johnstone	Deputy Director
Audrey Roy	Finance Manager

**REGISTERED OFFICE**

Glenburn Centre  
6 Glenburnie Place  
Easterhouse  
Glasgow  
G34 9AN

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

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

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2014.

#### Legal Status

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

#### Principal Activities

The principal activities of the Association are the provision and management of rented accommodation.

#### Review of Business and Future Developments

The purpose of the Co-operative is "Making a Difference to our Community".

The Co-operative has identified key strategic objectives that provide the context and focus to achieve this purpose.

#### Key Strategic Objectives:

- Delivering excellent housing services
- Maintaining quality homes and local environment
- Strong financial management
- Empower staff and strong governance
- Inclusive and sustainable community

#### Key achievements during the course of the year included:

- Holders of the Chartered Institute of Housing and Inside Housing UK small landlord of the year 2013 award;
- One of fewer than 5% of organisations assessed by Investors in People to achieve their "Gold" standard;
- European Foundation of Quality Management "Recognised for Excellence" award winner;
- Review of Pension arrangements with transfer to a Defined Contribution scheme;
- Stock condition and life cycle exercise undertaken including assessment of property in preparation for the new energy efficiency standard requirements;
- Resident Engagement Strategy revised and introduction of new Tenants Scrutiny Panel;
- Established with Big Lottery funding innovative community bank and financial inclusion to support tenants adapt to austerity and welfare reform;
- Successful audit of a comprehensive governance review that self assessed performance against new regulatory governance and financial standards;
- Revised Training Plan introduced and implemented;
- Establishment of new audit and finance sub-committee;
- Comprehensive review of the Strategic Plan and 30 Year Projections undertaken;
- Reviewed staffing structure in line with welfare reform strategy to increase support to tenants and minimise rent loss;
- Invested and improved the housing stock and neighbourhood that has led to 94% of tenants being satisfied with their homes;
- Provided, with partner organisations, significant training and employment opportunities

## **EASTHALL PARK HOUSING CO-OPERATIVE LIMITED**

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### **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014**

#### **Review of Business and Future Developments (Contd)**

The Co-operative continues to maintain a strategic partnership with Easthall Residents Association that co-ordinates from the Glenburn Centre a comprehensive range of social and welfare activities. This year we have supported the Residents Association to undertake an external strategic review to improve present performance which will allow the organisation adapt to future challenges.

It is anticipated in 2014/15 the strategic position will involve remaining focused on service delivery and adapting to a challenging external environment to continue to deliver the organisational 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 (with the exception of the Co-optees). 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.

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

#### Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 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 judgments and accounting 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 Co-operative and Community Benefit Societies Act, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. 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 Members of the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Co-operative's auditors are unaware, and
- The Members of 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 Co-operative's auditors are aware of that information.

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

#### 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 £1,884 (2013 £692).

#### 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



MARY DAVIDSON  
Secretary  
27 August 2014

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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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 5 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 5 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  
27 August 2014



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

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We have audited the financial statements of Easthall Park Housing Co-operative Limited for the year ended 31st March 2014 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Co-operative's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act . 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 explained more fully in the Statement of Management Committee's Responsibilities the Co-operative's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Co-operative's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31st March 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

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

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

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Co-operative in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Co-operative in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Co-operative.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
28 August 2014

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	2,475,075	2,519,824
Operating Costs	2.	<u>(1,790,473)</u>	<u>(1,684,704)</u>
<b>OPERATING SURPLUS</b>	9.	684,602	835,120
Gain On Sale Of Housing Stock	7.	18,538	-
Interest Receivable and Other Income		19,023	27,921
Interest Payable and Similar Charges	8.	<u>(363,868)</u>	<u>(381,057)</u>
		<u>(326,307)</u>	<u>(353,136)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		358,295	481,984
Tax on surplus on ordinary activities	10.	<u>(3,977)</u>	<u>(5,584)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>354,318</u>	<u>476,400</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.

The notes on pages 12 to 27 form part of the financial statements.

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED


## BALANCE SHEET AS AT 31st MARCH 2014

	Notes	2014	2013
		£	£
<b>TANGIBLE FIXED ASSETS</b>			
Housing Properties - Depreciated Cost		50,520,376	50,722,072
Less: Social Housing Grant		(39,683,373)	(39,916,319)
: Other Public Grants		(8,638)	(8,638)
		<hr/>	<hr/>
Other fixed assets	11.(a)	10,828,365	10,797,115
	11.(b)	379,529	380,788
		<hr/>	<hr/>
		11,207,894	11,177,903
<b>CURRENT ASSETS</b>			
Debtors	12.	157,066	101,014
Investments	28.	1,717,674	1,302,773
Cash at bank and in hand		842,817	1,386,647
		<hr/>	<hr/>
		2,717,557	2,790,434
<b>CREDITORS: Amounts falling due within one year</b>	13.	(997,738)	(1,012,252)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1,719,819	1,778,182
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,927,713	12,956,085
<b>CREDITORS: Amounts falling due after more than one year</b>	14.	(8,599,866)	(8,982,558)
		<hr/>	<hr/>
<b>NET ASSETS</b>		4,327,847	3,973,527
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Share Capital	16.	696	694
Designated Reserves	17.(a)	3,961,862	3,607,544
Revenue Reserves	17.(b)	365,289	365,289
		<hr/>	<hr/>
		4,327,847	3,973,527
		<hr/>	<hr/>

The Financial Statements were approved and authorised for issue by the Management Committee and signed on their behalf on 27 August 2014.

  
Chairperson

  
Vice-Chairperson

  
Secretary

The notes on pages 12 to 27 form part of the financial statements.

**EASTHALL PARK HOUSING CO-OPERATIVE LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2014**

	Notes	2014 £	2013 £
<b>Net Cash Inflow from Operating Activities</b>	15.	1,017,001	1,031,731
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		15,877	27,921
Interest Paid		(363,954)	(381,057)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(348,077)	(353,136)
<b>Taxation</b>			
Corporation Tax Paid		(5,415)	(4,592)
<b>Net Cash Outflow from Taxation</b>		(5,415)	(4,592)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(344,632)	(132,611)
Purchase of Other Fixed Assets		(20,294)	(15,889)
Social Housing Grant Received		(404)	19,432
Social Housing Grant Repaid		(20,446)	-
Proceeds on Disposal of Properties		46,543	-
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(339,233)	(129,068)
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		324,276	544,935
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		(414,901)	(2,773)
<b>Financing</b>			
Loan Principal Repayments		(427,108)	(429,612)
Share Capital Issued		36	29
<b>Net Cash Outflow from Financing</b>		(427,072)	(429,583)
<b>(Decrease) / Increase in Cash</b>	15.	(517,697)	112,579

The notes on pages 12 to 27 form part of the financial statements.

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### 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 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable and is recognised as it falls due.

##### **Retirement Benefits**

The Co-operative participates in the Scottish Housing Association 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 Associations 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. 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.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Gutters and downpipes/closes	30 years
Replace entrance doors	30 years
Renew double glazing	30 years
Close floor vinyl finish	20 years
Roof tiles	50 years
Rewire	30 years
Replace bathroom extractor	15 years
Replace central heating	30 years
Replace boiler only	15 years
Renew bathroom suite	30 years
Stair lighting/closes	30 years
Door entry	15 years
Renew smoke detectors	10 years
Renew kitchen extractor	15 years
New close doors and screens	30 years

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### 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% straight line
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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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.

##### 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 any gain or loss on disposal accounted for in the Income and Expenditure Account.

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

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

##### 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.

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

##### **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.

##### **Capitalisation Of Development Overheads**

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

##### **Designated Reserves**

The Co-operative 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 the monetary values prevailing at the time of their acquisition or 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 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,334,834	1,573,831	761,003	2,261,821	1,434,121	827,700
Other Activities	4.	140,241	216,642	(76,401)	258,003	250,583	7,420
<b>Total</b>		<b>2,475,075</b>	<b>1,790,473</b>	<b>684,602</b>	<b>2,519,824</b>	<b>1,684,704</b>	<b>835,120</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2014 Total £	2013 Total £
<b>Income from Lettings</b>				
Rent Receivable Net of Identifiable Service Charges	2,334,611	6,027	2,340,638	2,265,591
<b>Gross Rents Receivable</b>	2,334,611	6,027	2,340,638	2,265,591
Less: Rent losses from voids	5,804	-	5,804	3,770
<b>Net Rents Receivable</b>	2,328,807	6,027	2,334,834	2,261,821
<b>Total Income From Social Letting</b>	2,328,807	6,027	2,334,834	2,261,821
<b>Expenditure on Social Letting Activities</b>				
Service Costs	90,244	-	90,244	96,344
Management and maintenance administration costs	716,676	3,162	719,838	683,718
Reactive Maintenance	252,134	-	252,134	268,958
Bad Debts - Rents and Service Charges	13,710	-	13,710	-
Planned and Cyclical Maintenance, including Major Repairs	196,566	-	196,566	126,775
Depreciation of Social Housing	300,037	1,302	301,339	258,326
<b>Operating Costs of Social Letting</b>	1,569,367	4,464	1,573,831	1,434,121
<b>Operating Surplus on Social Letting Activities</b>	759,440	1,563	761,003	827,700
<b>2013</b>	<b>827,161</b>	<b>539</b>		

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2014 £	Operating Surplus /(Deficit) 2013 £
Wider Role Activities	-	-	-	134,544	134,544	-	208,651	(74,107)	(71,720)
Support Activities	-	-	-	5,697	5,697	-	7,991	(2,294)	5,517
Rechargeable Repairs	-	-	-	-	-	-	-	-	(2,286)
Community Energy Saving Programme	-	-	-	-	-	-	-	-	75,909
<b>Total From Other Activities</b>	-	-	-	140,241	140,241	-	216,642	(76,401)	7,420
2013	109,023	-	-	148,980	258,003	2,286	248,297	7,420	

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 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 servants of the Co-operative.

	2014	2013
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>66,404</u>	<u>64,896</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,233</u>	<u>6,052</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>66,404</u>	<u>64,896</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

### 6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>16</u>	<u>12</u>
Staff Costs were:	£	£
Wages and Salaries	421,120	387,936
Social Security Costs	40,243	34,807
Other Pension Costs	60,165	57,880
	<u>521,528</u>	<u>480,623</u>

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2014	2013
	£	£
Sales Proceeds	46,543	-
Cost of Sales	<u>(28,005)</u>	<u>-</u>
Gain On Sale Of Housing Stock	<u>18,538</u>	<u>-</u>

### 8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	<u>363,868</u>	<u>381,057</u>

### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-	£	£
Depreciation - Tangible Owned Fixed Assets	321,119	278,232
Auditors' Remuneration - Audit Services	7,225	7,100
- Other Services	<u>4,000</u>	<u>5,151</u>

### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2014	2013
	£	£
<b>(i) Analysis of Charge in Year</b>		
Current Tax:		
UK Corporation Tax on surplus on ordinary activities	3,808	5,584
Adjustments in respect of previous years	169	
Total Current Tax (Note 10(ii))	<u>3,977</u>	<u>5,584</u>
<b>(ii) Factors affecting tax charge for period</b>		
The tax assessed for the period is lower than the standard rate of Corporation Tax in the U.K. (30%). The differences are explained below:		
Surplus on ordinary activities before tax	<u>358,295</u>	<u>481,984</u>
Surplus on ordinary activities multiplied by standard rate of Corporation Tax in the U.K. of 20%(2013:20%)	71,659	96,397
Effects of: Surplus on Housing Activities	<u>(67,945)</u>	<u>(90,813)</u>
Current tax charge for period (Note 10(i))	<u>3,714</u>	<u>5,584</u>

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2013	52,558,424	9,523	390,991	52,958,938
Additions	344,632	-	-	344,632
Disposals	(270,584)	-	-	(270,584)
As at 31st March 2014	52,632,472	9,523	390,991	53,032,986
<b>DEPRECIATION</b>				
As at 1st April 2013	2,211,347	-	25,519	2,236,866
Charge for Year	298,264	-	1,302	299,566
Disposals	(23,822)	-	-	(23,822)
As at 31st March 2014	2,485,789	-	26,821	2,512,610
<b>SOCIAL HOUSING GRANT</b>				
As at 1st April 2013	39,700,622	-	215,697	39,916,319
Disposals	(232,946)	-	-	(232,946)
As at 31st March 2014	39,467,676	-	215,697	39,683,373
<b>OTHER CAPITAL GRANTS</b>				
As at 1st April 2013	8,638	-	-	8,638
As at 31st March 2014	8,638	-	-	8,638
<b>NET BOOK VALUE</b>				
As at 31st March 2014	10,670,369	9,523	148,473	10,828,365
As at 31st March 2013	10,637,817	9,523	149,775	10,797,115

Additions to housing properties includes capitalised development administration costs of £nil (2013 - £nil) and capitalised major repair costs to existing properties of £344633 (2013 £132,611)

All land and housing properties are freehold.

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11. TANGIBLE FIXED ASSETS (Continued)

#### b) Other Tangible Assets

	Community Facility £	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2013	1,113,675	526,721	235,366	1,875,762
Additions	-	6,816	13,478	20,294
As at 31st March 2014	<u>1,113,675</u>	<u>533,537</u>	<u>248,844</u>	<u>1,896,056</u>
<b>GRANTS RECEIVED</b>				
As at 1st April 2013	1,113,675	85,000	1,901	1,200,576
As at 31st March 2014	<u>1,113,675</u>	<u>85,000</u>	<u>1,901</u>	<u>1,200,576</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2013	-	82,755	211,643	294,398
Charge for year	-	9,357	12,196	21,553
As at 31st March 2014	<u>-</u>	<u>92,112</u>	<u>223,839</u>	<u>315,951</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2014	<u>-</u>	<u>356,425</u>	<u>23,104</u>	<u>379,529</u>
As at 31st March 2013	<u>-</u>	<u>358,966</u>	<u>21,822</u>	<u>380,788</u>

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. DEBTORS

	2014	2013
	£	£
Arrears of Rent & Service Charges	141,393	124,311
Less: Provision for Doubtful Debts	<u>(52,358)</u>	<u>(66,052)</u>
	89,035	58,259
Social Housing Grant Receivable	4,259	3,371
Other Debtors	<u>63,772</u>	<u>39,384</u>
	<u>157,066</u>	<u>101,014</u>

### 13. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Bank Overdrafts (secured)	-	26,133
Housing Loans	365,588	410,002
Trade Creditors	273,233	278,222
Rent in Advance	100,158	90,621
Corporation Tax	3,977	5,415
Other Creditors	106,261	76,373
Accruals and Deferred Income	<u>148,521</u>	<u>125,486</u>
	<u>997,738</u>	<u>1,012,252</u>

The bank overdraft is secured by standard charge over its properties.

At the balance sheet date there were pension contributions outstanding of £7,090 (2013 £20,486)

### 14. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Housing Loans	<u>8,599,866</u>	<u>8,982,558</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	365,588	410,002
Between one and two years	318,891	382,286
Between two and five years	1,000,748	1,025,304
In five years or more	<u>7,280,227</u>	<u>7,574,968</u>
	8,965,454	9,392,560
Less: Amount shown in Current Liabilities	<u>365,588</u>	<u>410,002</u>
	<u>8,599,866</u>	<u>8,982,558</u>

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2014 £	2013 £
Operating Surplus	684,602	835,120
Depreciation	321,119	282,734
Change in Debtors	(52,018)	(4,960)
Change in Creditors	63,332	(81,131)
Share Capital Written Off	(34)	(32)
Net Cash Inflow from Operating Activities	<u>1,017,001</u>	<u>1,031,731</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
(Decrease) / Increase in Cash	(517,697)		112,579	
Cash flow from management of liquid resources	414,901		2,773	
Cash flow from change in debt	427,106		429,612	
Movement in net debt during year		324,310		544,964
Net debt at 1st April 2013		(6,729,273)		(7,274,237)
Net debt at 31st March 2014		<u>(6,404,963)</u>		<u>(6,729,273)</u>

<i>Analysis of changes in net debt</i>	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	1,386,647	(543,830)		842,817
Bank Overdrafts	(26,133)	26,133		-
Liquid Resources	1,360,514	(517,697)		842,817
Debt: Due within one year	1,302,773	414,901		1,717,674
Due after more than one year	(410,002)	427,106	(382,692)	(365,588)
	(8,982,558)	-	382,692	(8,599,866)
Net Debt	<u>(6,729,273)</u>	<u>324,310</u>	<u>-</u>	<u>(6,404,963)</u>



## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	694
Issued in year	36
Cancelled in year	<u>(34)</u>
At 31st March 2014	<u>696</u>

Each member of the Association holds one share of £1 in the Association. 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 Association. Each member has a right to vote at members' meetings.

### 17. RESERVES

(a) Designated Reserves	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2013	740,801	2,866,743	3,607,544
Transfer to / (from) Revenue Reserves	<u>-</u>	<u>354,318</u>	<u>354,318</u>
At 31st March 2014	<u>740,801</u>	<u>3,221,061</u>	<u>3,961,862</u>
(b) Revenue Reserves			Total
			£
At 1st April 2013			365,289
Surplus for the year			354,318
Transfer (to) / from Designated Reserves			<u>(354,318)</u>
At 31st March 2014			<u>365,289</u>

### 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014	2013
	No.	No.
General Needs - New Build	546	547
- Rehabilitation	147	147
Shared Ownership	<u>3</u>	<u>3</u>
	<u>696</u>	<u>697</u>

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**19. 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:

all members are tenants of the Association

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.

Five members on the Management Committee are trustees of a charitable company, Easthall Residents Association. The Director is also a co-opted member of the charity. During the year overheads totalling £9,446 (2013: £9,446) and finance services totalling £1,800 (2013: £1,800) were re-charged by Easthall Park Housing Co-operative Ltd to Easthall Residents Association. In addition net allowance income of £6,500 (2013: £6,500) was received by Easthall Park Housing Co-operative Ltd from Easthall Residents Association in connection with the Youth Development Project. Other Debtors includes £4,093 (2013: £4,093) due from Easthall Residents Association and Other Creditors includes £5,775 (2013: £5,775) due to Easthall Residents Association

**20. CURRENT ASSET INVESTMENTS**

	2014	2013
	£	£
Short Term Deposits	<u>1,717,674</u>	<u>1,302,773</u>

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 21. RETIREMENT BENEFIT OBLIGATIONS

#### General

Easthall Park Housing Co-operative Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

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

The Scheme offers six 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
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined contribution

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 elected to operate the final salary with a 1/60th accrual rate from 1st April 2008 to 31 March 2014. From 1 April 2014, the Co-operative switched to the defined contribution option for all future pension accrual for existing and new entrants.

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

The 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 values. 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 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 7 active members of the Scheme employed by Easthall Park Housing Co-operative Limited. The annual pensionable payroll in respect of these members was £259,647. Easthall Park Housing Co-operative Limited continues to offer membership of the Scheme to its employees.

# EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

#### Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

## EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 21. RETIREMENT BENEFIT OBLIGATIONS (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 salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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.

The Trustees have recently supplied Easthall Park Housing Co-operative Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Easthall Park Housing Co-operative Limited will be required to pay £49,772 per annum as a contribution to the past service deficit. This will represent an increase/decrease of % in Easthall Park Housing Co-operative Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

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.