



Alexander Sloan
Accountants and Business Advisers

Easthall Park Housing Co-operative

Report and Financial Statements

For the year ended 31st March 2017

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

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

Mary Davidson	Chairperson
Charlotte Skewis	Vice-Chair
Paul Waddell	Secretary
Alison Cushingham	Treasurer
Charles Harvey	
Caroline Cooper	
Rosalind Murphy	
George McNaught	
Joe Gracey	
Patricia Thompson	Co-opted
Ashley Scotland	
Carolann McLachlan	Resigned 25/01/2017
Yvonne Smith	Resigned 29/03/2017
Josephine Warley	Resigned 26/10/2016

EXECUTIVE OFFICERS

John McMorro	Director
Claire McGraw	Housing Manager
Joanne Hendry	Finance Manager
Bryan McMahan	Maintenance Manager

REGISTERED OFFICE

Glenburn Centre
6 Glenburnie Place
Easterhouse
Glasgow
G34 9AN

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit & Business Support Services
120 Kingsknowe Rd North
Edinburgh
EH14 2DG

BANKERS

The Royal Bank of Scotland
Glasgow Parkhead Branch
1301 Duke Street
Glasgow
G31 5PZ

SOLICITORS

Mellicks Incorporating Naftalin Duncan & Co
160 Hope Street
Glasgow
G2 2TL

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

Legal Status

The Co-operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2409R(S). The Co-operative is governed under its Rule Book.

Principal Activities

The principal activities of the Co-operative are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

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
- Providing quality homes and an attractive environment
- Strong financial management and value for money
- People development and strong governance
- More than a landlord – maintaining a strong and vibrant community

The Co-operative has been recognised externally for our work and we currently have the following accreditation:

- The first Housing Association in Scotland to be accredited with the Investors in Young People award and we also hold the Investors in People "Platinum" award;
- Holders of Housing Excellence Small Social Landlord of the Year 2015;
- Finalist of the Chartered Institute of Housing and Inside Housing UK outstanding landlord of the year 2015

During the year we have undertaken a review of the following:

- Completed the Home Energy Efficiency Package delivered for tenants and factored owners resulting in
- Resident Engagement Action Plan review undertaken;
- Comprehensive review of Equalities Action Plan;
- Review of Risk Management Register;
- Reviewed and Implemented revised Membership Policy;
- Undertook Investors in People assessment with "Platinum" Standard awarded;
- Revised Financial Inclusion and Fuel Poverty Strategy;
- Undertook Annual Governance Review;
- Reviewed Glenburn Centre Management Agreement;
- Comprehensive review of the Annual Tenant Charter Report;
- Reviewed Sustainability Policy;
- Reviewed Committee Expenses Policy;
- Reviewed Standing Orders;
- Reviewed Resident Engagement Strategy;
- Comprehensive review of 30 year projections;
- Undertook independent survey of tenant and owner satisfaction with 277 tenants and 21 owners interviewed
 - o 95% satisfied with overall services provided
 - o 99% satisfied with being kept informed about services and decisions
 - o 96% satisfied with opportunities to participate
 - o 97% satisfied with repairs service
 - o 99% satisfied with the quality of their home
 - o 78% view rents charged as very good or good value for money
 - o 98% satisfied with quality of neighbourhood management
 - o 86% owners satisfied with factoring service
- Reviewed Asset Management Strategy
- Approved 2.0% rent increase for 2017/18

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

- Approved revised Treasury Management Policy
- Approved revised Risk Management Policy
- Undertook review of Complaints received and introduced service improvements
- Reviewed Estate Caretaking staff requirements
- Approved work programme for 2017/18
- Approved revised lettings plan
- Undertook review of Equalities
- Reviewed Signing of Documents Policy

The Co-operative on the 28th February 2017 celebrated 25 years of taking ownership of our first homes and celebrated this milestone with the community.

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 resulting in 40,474 attendances with 1,523 activity sessions. 327 individual people were supported with employment, training and educational achievements which equates to almost one person supported for every two homes in rented ownership.

It is anticipated in 2018/19 the strategic position will continue to remain focused on service delivery and adapting to a challenging external environment to continue to deliver the organisational purpose of "Making a Difference to our Community".

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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.

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

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 requires 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 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 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015. 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 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 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 2017

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;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that 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.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Co-operative for the year ended 31 March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Co-operative made charitable donations amounting to £1,484 (2015: £560).

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



PAUL WADDELL

Secretary
28th June 2017

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the 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 relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator, in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain 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 relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
28th June 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Easthall Park Housing Co-operative Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

This report is made solely to the Co-operative's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Co-operative's members those matters we are required to state to them in an 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 Financial Reporting Council's (FRC) 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 2017 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 2014 and the Determination of Accounting Requirements 2015.

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.

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

Matters on which we are required to report by exception (contd.)

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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
28th June 2017



Alexander Sloan
Accountants and Business Advisers

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016
		£	£	£
REVENUE	2.		3,775,035	3,509,617
Operating Costs	2.		(3,065,062)	(2,556,062)
OPERATING SURPLUS	9.		709,973	953,555
Gain On Sale Of Housing Stock	7.	8,149		
Interest Receivable and Other Income		17,306	20,314	
Interest Payable and Similar Charges	8.	(317,782)	(311,147)	
Other Finance Charges	11.	(19,391)	(19,458)	
			(311,718)	(310,291)
Surplus on ordinary activities before taxation			398,255	643,264
Tax on surplus on ordinary activities	10.		(3,461)	(4,063)
SURPLUS FOR YEAR			394,794	639,201

The notes on pages 13 to 27 form part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	£	2017 £	£	2016 £
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		39,258,967		40,106,991
Other Non Current Assets	12.(c)		1,014,851		1,074,840
			<u>40,273,818</u>		<u>41,181,831</u>
CURRENT ASSETS					
Receivables	14.	47,701		58,462	
Investments	24.	2,078,958		2,022,795	
Cash at bank and in hand		590,767		663,824	
		<u>2,717,426</u>		<u>2,745,081</u>	
CREDITORS: Amounts falling due within one year	15.	(868,624)		(855,393)	
			<u>1,848,802</u>		<u>1,889,688</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			42,122,620		43,071,519
CREDITORS: Amounts falling due after more than one year	16.		(7,722,659)		(8,135,401)
DEFERRED INCOME					
Social Housing Grants	18.	(27,553,945)		(28,484,893)	
Other Grants	18.	(8,638)		(8,638)	
			<u>(27,562,583)</u>		<u>(28,493,531)</u>
NET ASSETS					
			<u>6,837,378</u>		<u>6,442,587</u>
EQUITY					
Share Capital	19.		692		695
Revenue Reserves			6,836,686		6,441,892
			<u>6,837,378</u>		<u>6,442,587</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28th June 2017.

Chairperson

M Davidson

Treasurer

Alva C...

Secretary

P...

The notes on pages 13 to 27 form part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017 £	2016 £
Net Cash Inflow from Operating Activities	17.	931,498	1,026,468
Investing Activities			
Acquisition and Construction of Properties	(290,321)	(390,680)	
Purchase of Other Fixed Assets	(4,858)	(1,771)	
Social Housing Grant Repaid	-	(55,591)	
Changes on short term deposits with banks	(56,163)	79,978	
Taxation	(4,063)	(2,942)	
Proceeds on Disposal of Properties	9,259	-	
Net Cash Outflow from Investing Activities		(346,146)	(371,006)
Financing Activities			
Interest Received on Cash and Cash Equivalents	14,303	20,314	
Interest Paid on Loans	(319,765)	(310,117)	
Loan Principal Repayments	(352,979)	(337,948)	
Share Capital Issued	32	48	
Net Cash Outflow from Financing		(658,409)	(627,703)
(Decrease) / Increase in Cash		(73,057)	27,759
Opening Cash & Cash Equivalents		663,824	636,065
Closing Cash & Cash Equivalents		<u>590,767</u>	<u>663,824</u>
Cash and Cash equivalents as at 31 March 2017.			
Cash		<u>590,767</u>	<u>663,824</u>

The notes on pages 13 to 27 form part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	694	5,802,691	5,803,385
Issue of Shares	48		48
Cancellation of Shares	(47)		(47)
Other comprehensive income - pension scheme			
Surplus for Year		639,201	639,201
Balance as at 31 March 2016	<u>695</u>	<u>6,441,892</u>	<u>6,442,587</u>
Balance as at 1st April 2016	695	6,441,892	6,442,587
Issue of Shares	32		32
Cancellation of Shares	(35)		(35)
Surplus for Year		394,794	394,794
Balance as at 31 March 2017	<u>692</u>	<u>6,836,686</u>	<u>6,837,378</u>

The reserves opening balance at 1st January 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

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

Government Grants are released to income over the expected useful life of of the asset to which it relates.

Retirement Benefits

The Co-operative participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. The Co-operative has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Co-operative still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Co-operative provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association 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 12. 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.

Component	Useful Economic Life
Kitchen Extractor	15 years
Bathrooms	30 years
Boilers	15 years
Windows	30 years
Door Entry	15 years
Close Doors	30 years
Rewiring	30 years
Structure	50 years

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Office Premises	-2%
Furniture and Fittings	-33%
Computer & Office Equipment	-33%
Van	-33%

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Co-operative pays Corporation Tax on all its taxable surpluses. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

Estimation Uncertainty

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

The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

The Co-operative assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Co-operative allocates costs to shared ownership properties on an percentage basis split across the number of properties the Co-operative owns.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Development Interest

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

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 Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Co-operative's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

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

c) Financial instrument break clauses

The Co-operative has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

In March 2017 the Co-operative received details from the Pension Trust of the final valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Co-operative's future past service deficit contributions. The Co-operative has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Co-operative classes all of its loans as basic financial instruments including agreements with break clauses. The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	3,645,550	2,869,628	775,922	3,372,422	2,367,176	1,005,246
Other Activities	4.	129,485	195,434	(65,949)	137,195	188,886	(51,691)
Total		3,775,035	3,065,062	709,973	3,509,617	2,556,062	953,555

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	2,436,744	4,730	2,441,474	2,408,333
Gross income from rent and service charges	2,436,744	4,730	2,441,474	2,408,333
Less: Rent losses from voids	5,925	-	5,925	6,637
Net Rents Receivable	2,430,819	4,730	2,435,549	2,401,696
Grants released from deferred income	926,814	2,153	928,967	940,795
Revenue grants from Scottish Ministers	28,342	-	28,342	29,931
Other revenue grants	252,692	-	252,692	-
Total turnover from affordable letting activities	3,638,667	6,883	3,645,550	3,372,422
Expenditure on affordable letting activities				
Management and maintenance administration costs	779,662	2,253	781,915	835,537
Service Costs	70,536	-	70,536	67,655
Planned and cyclical maintenance, including major repairs	541,606	-	541,606	67,115
Reactive maintenance costs	311,896	-	311,896	291,063
Bad Debts - rents and service charges	7,098	-	7,098	27,641
Depreciation of affordable let properties	1,152,667	3,910	1,156,577	1,078,165
Operating costs of affordable letting activities	2,863,465	6,163	2,869,628	2,367,176
Operating surplus on affordable letting activities	775,202	720	775,922	1,005,246
2016	1,004,747	499		

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
Wider Role Activities							
Factoring	64,999	-	115,279	-	153,284	(38,005)	(12,422)
Support Activities	-	12,406	12,406	-	6,703	5,703	(2,316)
	-	1,800	1,800	-	35,447	(33,647)	(36,953)
Total From Other Activities	64,999	14,206	129,485	-	195,434	(65,949)	(51,691)
2016	73,554	63,641	137,195	-	188,886	(51,691)	

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>69,783</u>	<u>69,247</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,810</u>	<u>6,742</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>69,783</u>	<u>69,247</u>
Total Emoluments paid to key management personnel	<u>196,904</u>	<u>214,003</u>
Consideration paid for services of key management personnel paid to third parties	<u>431</u>	<u>381</u>
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-		
£60,001 to £70,000	<u>Number</u> 1	<u>Number</u> 1

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>17</u>	<u>19</u>
The average total number of Employees employed during the year was	<u>20</u>	<u>22</u>
Staff Costs were:	£	£
Wages and Salaries	521,113	534,820
Social Security Costs	44,076	46,675
Other Pension Costs	41,231	43,925
Temporary, Agency and Seconded Staff	2,927	-
	<u>609,347</u>	<u>625,420</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	9,259	-
Cost of Sales	1,110	-
Gain On Sale Of Housing Stock	<u>8,149</u>	<u>-</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>317,782</u>	<u>311,147</u>

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,162,324	1,148,214
Auditors' Remuneration - Audit Services	7,500	7,140
Auditors' Remuneration - Other Services	3,587	3,233
Operating Lease Rentals - Land & Buildings	1	1
Operating Lease Rentals - Other	950	-
Gain on sale of fixed assets	<u>8,149</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

(i) Analysis of Charge in Year	2017	2016
	£	£
Current Tax:		
UK Corporation Tax on surplus on ordinary activities	3,461	4,063
Total Current Tax (Note 10(ii))	<u>3,461</u>	<u>4,063</u>
Tax on surplus on ordinary activities	<u>3,461</u>	<u>4,063</u>
(ii) The tax assessed for the period is lower than the standard rate of Corporation Tax in the U.K. (20%). The differences are explained below:		
Surplus on ordinary activities before tax	<u>394,794</u>	<u>643,264</u>
Surplus on ordinary activities multiplied by standard rate of Corporation Tax in the U.K. of 20%(2016:20%)	78,959	128,653
Effects of: Charitable income not chargeable to tax	(75,498)	(124,590)
Current tax charge for period (Note 10(i))	<u>3,461</u>	<u>4,063</u>

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>19,391</u>	<u>19,458</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1st April 2016	52,983,528	195,496	53,179,024
Additions	311,642	-	311,642
Disposals	(427,833)	-	(427,833)
As at 31st March 2017	<u>52,867,337</u>	<u>195,496</u>	<u>53,062,833</u>
DEPRECIATION			
As at 1st April 2016	12,993,835	78,198	13,072,033
Charge for Year	1,093,567	3,910	1,097,477
Disposals	(365,644)	-	(365,644)
As at 31st March 2017	<u>13,721,758</u>	<u>82,108</u>	<u>13,803,866</u>
NET BOOK VALUE			
As at 31st March 2017	<u>39,145,579</u>	<u>113,388</u>	<u>39,258,967</u>
As at 31st March 2016	<u>39,989,693</u>	<u>117,298</u>	<u>40,106,991</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £311,642 (2016 - £357,680)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £667,436. The amount capitalised is £311,642, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £311,642 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £10,804,100 (2016 - £11,315,000).

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

o) Other Tangible Assets	Community Facility £	Management Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2016	1,113,675	20,939	533,537	265,202	1,933,353
Additions	-	1,689	-	3,169	4,858
As at 31st March 2017	<u>1,113,675</u>	<u>22,628</u>	<u>533,537</u>	<u>268,371</u>	<u>1,938,211</u>
AGGREGATE DEPRECIATION					
As at 1st April 2016	407,939	6,282	195,436	248,856	858,513
Charge for year	37,085	3,394	17,767	6,601	64,847
As at 31st March 2017	<u>445,024</u>	<u>9,676</u>	<u>213,203</u>	<u>255,457</u>	<u>923,360</u>
NET BOOK VALUE					
As at 31st March 2017	<u>668,651</u>	<u>12,952</u>	<u>320,334</u>	<u>12,914</u>	<u>1,014,851</u>
As at 31st March 2016	<u>705,736</u>	<u>14,657</u>	<u>338,101</u>	<u>16,346</u>	<u>1,074,840</u>

12. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	19,343

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

13. COMMITMENTS UNDER OPERATING LEASES

	2017 £	2016 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Later than five years	38	39
Other		
Not later than one year	1,426	-
Later than one year and not later than five years	5,702	-
Later than five years	713	-
	<u>713</u>	<u>-</u>

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31 March 2017</i>	2017 £	2016 £
Operating Surplus	709,973	953,555
Depreciation	1,223,404	1,148,822
Amortisation of Capital Grants	(930,948)	(940,795)
Change in debtors	13,764	30,028
Change in creditors	(65,269)	(145,637)
Unwinding of Discount on Pension Liability	(19,391)	(19,458)
Share Capital Written Off	(35)	(47)
Balance as at 31 March 2017	<u>931,498</u>	<u>1,026,468</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Total £
Social Housing Grants		
Balance as at 1st April 2016	28,484,893	28,484,893
Eliminated on disposal components and property	(14,601)	(14,601)
Balance as at 31st March 2017	<u>28,470,292</u>	<u>28,470,292</u>
Amortisation		
Balance as at 1st April 2016	-	-
Amortisation in year	928,967	928,967
Eliminated on disposal	(12,620)	(12,620)
Balance as at 31st March 2017	<u>916,347</u>	<u>916,347</u>
Net book value		
Balance as at 31st March 2017	<u>27,553,945</u>	<u>27,553,945</u>
Balance as at 31st March 2016	<u>28,484,893</u>	<u>28,484,893</u>
Other Grants		
Balance as at 1st April 2016	8,638	8,638
Balance as at 31st March 2017	<u>8,638</u>	<u>8,638</u>
Amortisation		
Balance as at 1st April 2016	-	-
Balance as at 31st March 2017	<u>-</u>	<u>-</u>
Net book value		
Balance as at 31st March 2017	<u>8,638</u>	<u>8,638</u>
Balance as at 31st March 2016	<u>8,638</u>	<u>8,638</u>
Total grants net book value as at 31 March 2017	<u>27,562,583</u>	<u>27,562,583</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2017 £	2016 £
Amounts due within one year	928,967	940,795
Amounts due after more than one year	26,633,616	27,552,736
	<u>27,562,583</u>	<u>28,493,531</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	£
At 1st April 2016	695
Issued in year	32
Cancelled in year	(35)
At 31st March 2017	<u>692</u>

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

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - Built by Co-operative

General Needs - Purchased by Co-operative

Shared Ownership

	2017 No.	2016 No.
General Needs - Built by Co-operative	546	546
General Needs - Purchased by Co-operative	146	147
Shared Ownership	2	2
	<u>694</u>	<u>695</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 102.

Those members who are tenants of the Co-operative have tenancies that are on the Co-operative's normal tenancy terms and they cannot use their position 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 is made at arm's length and under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

Rent and factoring received from Tenants on the Committee and their close family members	£	44,169
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At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) was	683	
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Members of the Committee who are tenants		11
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The following transactions took place during the year between the Co-operative and its related parties: During the year to 31st March 2017, overheads totalling £9,513 (2016:£10,958) and financial services totalling £2,160 (2016: £2,160) were charged to Easthall Residents Association. In addition net allowance income of £7,250 (2016: £10,979), was paid to Easthall Residents Association in connection with the youth development project, £1,000 donation paid to support the 'Glenburn Xmas Fayre' and the donation of garden equipment of £288 paid towards the community garden project. There are also 5 members of the Management Committee who are also Committee members of the Easthall Residents Association.

22. DETAILS OF CO-OPERATIVE

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

The Co-operative's principal place of business is Glenburn Centre, 6 Glenburnie Place, Easterhouse.

The Co-operative is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Easthall Park, Easterhouse.

23. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received in the year by way of reimbursement of expenses. (2015 -). No remuneration is paid to Management Committee members in respect of their duties in the Association.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INVESTMENTS

	2017	2016
	£	£
Short term deposits	2,078,958	2,022,795

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. RETIREMENT BENEFIT OBLIGATIONS

General

Easthall Park Housing Co-operative Limited participated 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 Co-operative has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

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 FRS102 represents the employer contribution payable.

The last final valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m equivalent to a past service funding level of 76%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Co-operative may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £276,861 (2016 - £310,169). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.09%.

The Co-operative made payments totalling £58,980 (2016: £63,078) to the pension scheme during the year.