



Alexander Sloan
Accountants and Business Advisers

Easthall Park Housing Co-operative Limited

Report and Financial Statements

For the year ended 31 March 2021

Registered Social Landlord No. HAC238

FCA Reference No. 2409R(S)

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

MANAGEMENT COMMITTEE

Joe Gracey
Mary Davidson
George McNaught
Alison Cushingham
Charles Harvey
Caroline Cooper
Paul Waddell
David Barnes
Patricia Thompson
Graham Gillespie
Joyce McKenna

Chairperson
Vice-Chair
Secretary
Treasurer

Resigned-September 2020
Co-opted
Co-opted

EXECUTIVE OFFICERS

John McMorro
Claire McGraw
Sharon Flynn
Joanne Hendry
Bryan McMahon

Resigned December 2020
Director (appointed 11th January 2021)
Housing Manager (appointed 18th March 2021)
Finance Manager
Maintenance Manager

REGISTERED OFFICE

Glenburn Centre
6 Glenburnie Place
Easterhouse
Glasgow
G34 9AN

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

TIAA
Artillery House
Fort Fareham
Newgate Lane
Fareham PO14 1AH

BANKERS

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

SOLICITORS

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

T C Young
7 West George Street
Glasgow
G2 1BA

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee presents its report and the financial statements for the year ended 31 March 2021.

Legal Status

The Co-operative is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2409R(S)) and the Scottish Housing Regulator as a registered social landlord (No. HAC238) under the Housing (Scotland) Act 2010.

Principal Activities

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

Review of Business and Future Developments

Easthall Park Housing Co-operative is a fully mutual community-based housing co-operative in the Easterhouse area of Glasgow. At 31st March 2021 the Co-operative owned 695 properties and provides a factoring service for 54 owners.

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
- 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 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; this award was first received in 2016 and was accredited again in June 2019
- Investors in People Platinum Employer of the Year Finalist;
- Business Insider Scotland's Best Employer not for profit/public sector employer of the year 2017;
- 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 award;

The Co-operative carried out an independent resident's survey in 2019 (sample size of 40%), which found high levels of satisfaction, including:

- 90% satisfied with overall services provided
- 96% satisfied with being kept informed about services and decisions
- 98% satisfied with opportunities to participate
- 93% satisfied with the quality of their home

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

- 75% view rents charged as very good or good value for money
- 92% satisfied with quality of neighbourhood management
- 71 % owners satisfied with factoring service

Internal Audit

The Co-operative continues to have a robust internal audit plan in place and action any recommendations made as a result.

A number of internal audits were carried out in the year including; GDPR, tenancy sustainment and rent arrears and repairs.

Value for Money

Along with ensuring effective management of the Co-operative finances, the Management Committee are committed to ensuring that value for money remains a top priority for the Co-operative.

We look to achieve this as an independent RSL and with our local partners. Where it can add value, we work with other RSLs.

Easthall Resident Association

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 partnership has shown to be invaluable during the recent global pandemic crisis, cause by Covid-19.

Covid-19

In March 2020 an unprecedented lock-down was enforced across the country which resulted in closure of most businesses and shops. Covid-19 interrupted operations for the Co-operative but we swiftly acted and put measures in place to limit the impact and had staff set up for working from home within a matter of days. Latterly, a bubble system was put in place to accommodate hybrid working.

We worked closely with Easthall Residents Association to ensure our residents received the support needed. This included hot meals, crisis fund payments, top up payments towards gas/electricity, help picking up prescriptions and wellbeing check-in calls.

Our repair service was restricted to emergencies/essential repairs only for most of the year. We also had to suspended letting activities in the early months of the pandemic.

These actions have ensured business activities continued whilst protecting the safety of tenants, staff, Management Committee and contractors.

The impact of lockdown and Covid-19 will take some time to assess. We have seen it have an affect on performance. On the other hand, as we had to suspend our planned investment programme our expenditure has been reduced significantly.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

It is anticipated in 2021/22 the strategic position will continue to remain focused on recovery from Covid-19 and reintroducing a full-service delivery and adapting to a challenging external environment whilst continuing to deliver the best services possible. We have used our internal budgets to support the community during the Covid-19 Pandemic and spent £9,475.

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 (excluding co-optees) 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 Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Co-operative and of the surplus or deficit of the Co-operative for that period. In preparing those financial statements the Management Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Co-operative will continue in business; and
- 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 2010 and the Determination of Accounting Requirements 2019. It is 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.

Going Concern

Based on its budgetary and forecasting processes covering a 30-year period the Management Committee has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

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 misstatement or loss. Key elements of the Co-operative's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Co-operative's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor 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 receives 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 end 31 March 2021. 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 of £nil (2020 - £1,150).

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

By order of the Management Committee



George McNaught
Secretary
18th August 2021

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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within 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 contained 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
Accountants and Business Advisers
Statutory Auditors
GLASGOW
18th August 2021



Alexander Sloan
Accountants and Business Advisers

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTHALL PARK HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Easthall Park Housing Co-operative Limited (the 'Co-operative') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31 March 2021 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Co-operative's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other Information

The Management Committee is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTHALL PARK HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Other Information (Contd.)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- 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 Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Co-operative; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 4, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTHALL HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Co-operative through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Co-operative's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Co-operative's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator. HMRC and the Co-operative's legal advisors.

EASTHALL HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTHALL HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

This report is made solely to the Co-operative's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
18th August 2021



Alexander Sloan
Accountants and Business Advisers

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Revenue	2		3,675,452		3,638,631
Operating costs	2		2,720,060		2,922,468
OPERATING SURPLUS			955,392		716,163
Interest receivable and other income		5,080		18,447	
Interest payable and similar charges	7	(274,675)		(290,101)	
Other Finance income/(charges)	10	(1,225)		(12,302)	
			(270,820)		(283,956)
Surplus on ordinary activities before taxation	8		684,572		432,207
Tax on surplus on ordinary activities	9		(1,351)		(2,926)
SURPLUS FOR THE YEAR			683,221		429,281
Other comprehensive income					
Actuarial gains/(losses) on defined benefit pension plan	18		(314,000)		440,882
TOTAL COMPREHENSIVE INCOME			369,221		870,163

The results relate wholly to continuing activities.

The notes on pages 16 to 35 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		35,725,756		36,803,228
Other tangible assets	11		790,108		850,309
			<u>36,515,864</u>		<u>37,653,537</u>
CURRENT ASSETS					
Receivables	12	96,251		59,971	
Investments	13	600,001		1,804,470	
Cash and cash equivalents	14	2,759,817		1,153,639	
			<u>3,456,069</u>	<u>3,018,080</u>	
CREDITORS: Amounts falling due within one year	15	(810,742)		(851,210)	
NET CURRENT ASSETS			<u>2,645,327</u>		<u>2,166,870</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			39,161,191		39,820,407
CREDITORS: Amounts falling due after more than one year	16		(6,019,649)		(6,393,041)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	18	(251,000)		-	
			<u>(251,000)</u>		<u>-</u>
DEFERRED INCOME					
Social housing grants	19	(23,307,687)		(24,173,814)	
Other grants	19	(608,574)		(648,490)	
			<u>(23,916,261)</u>	<u>(24,822,304)</u>	
NET ASSETS			<u>8,974,281</u>		<u>8,605,062</u>
EQUITY					
Share capital	20		691		693
Revenue reserves			9,224,590		8,604,369
Pension reserves			(251,000)		-
			<u>8,974,281</u>		<u>8,605,062</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 18 August 2021.



Committee Member



Committee Member



Secretary

The notes on pages 16 to 35 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Surplus for the Year			683,221		429,281
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	1,196,558		1,190,315	
Amortisation of capital grants	19	(906,043)		(908,958)	
Loss on disposal of components		5,244		-	
Non-cash adjustments to pension provisions		(63,000)		(51,000)	
Share capital written off	20	(32)		(32)	
			232,727		230,325
Interest receivable			(5,080)		(18,447)
Interest payable	7		274,675		290,101
Operating cash flows before movements in working capital			1,185,543		931,260
Change in debtors		(36,280)		35,197	
Change in creditors		(30,627)		102,239	
			(66,907)		137,436
Net cash inflow from operating activities			1,118,636		1,068,696
Investing Activities					
Acquisition and construction of properties		(52,315)		(392,675)	
Purchase of other fixed assets		(11,814)		(21,008)	
Social housing grant repaid		-		(607)	
Changes on short term deposits with banks		1,204,469		148,491	
Proceeds on sale of investments		-		-	
Proceeds on disposal of housing properties		-		-	
Proceeds on disposal of other tangible assets		-		-	
Net cash inflow / (outflow) from investing activities			1,140,340		(265,799)
Financing Activities					
Interest received on cash and cash equivalents		5,080		18,447	
Interest paid on loans		(274,675)		(290,101)	
Loan principal repayments		(383,233)		(375,401)	
Share capital issued	20	30		32	
Net cash outflow from financing activities			(652,798)		(647,023)
Increase in cash	21		1,606,178		155,874
Opening cash & cash equivalents			1,153,639		997,765
Closing cash & cash equivalents			2,759,817		1,153,639
Cash and cash equivalents as at 31 March					
Cash	21		2,759,817		1,153,639
			2,759,817		1,153,639

The notes on pages 16 to 35 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2019	693	(491,882)	8,226,088	7,734,899
Issue of Shares	32	-	-	32
Cancellation of Shares	(32)	-	-	(32)
Other comprehensive income	-	440,882	-	440,882
Other movements	-	51,000	(51,000)	-
Surplus for the year	-	-	429,281	429,281
Balance as at 31 March 2020	693	-	8,604,369	8,605,062
Balance as at 1 April 2020	693	-	8,604,369	8,605,062
Issue of Shares	30	-	-	30
Cancellation of Shares	(32)	-	-	(32)
Other comprehensive income	-	(314,000)	-	(314,000)
Other movements	-	63,000	(63,000)	-
Surplus for the year	-	-	683,221	683,221
Balance as at 31 March 2021	691	(251,000)	9,224,590	8,974,281

The notes on pages 16 to 35 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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 2018. 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 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal 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 the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Co-operative previously participated in the Scottish Housing Co-operative Pension Scheme (SHAPS) a multi-employer defined benefit scheme where 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 organisations taken as a whole. The Co-operative accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Co-operative moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Co-operative has adequate resources to continue in operational existence for the foreseeable future, the Co-operative has adopted the going concern basis of accounting in preparing these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Co-operative depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
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

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	3.33%
Furniture and Fittings	33%
Computer and Office Equipment	33%
Equipment	33%

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

Social Housing Grants and Other Capital Grants

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

Social housing grant attributed to individual components is written off to the statement of comprehensive income when 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 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.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

The Co-operative is a fully mutual co-operative. Under s488 of the Income and Corporation Taxes Act the Co-operative is only liable for tax on investment income. The Co-operative is not eligible for grants towards corporation tax.

Leases

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 or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

VAT

The Co-operative is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

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 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Co-operative to exercise judgement in applying the its 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 are disclosed below.

Key Judgements

a) 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 Management Committee 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 Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement 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

The Co-operative participates in a defined benefit pension scheme arrangement with the Scottish Housing Co-operative Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Co-operative has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Co-operative and has therefore adopted this valuation method.

Estimation Uncertainty

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.

e) Defined pension liability

In determining the value of the Co-operative's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Co-operative assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	3,641,301	2,660,971	980,330	3,607,931	2,868,650	739,281
Other Activities	4	34,151	59,089	(24,938)	30,700	53,818	(23,118)
Total		3,675,452	2,720,060	955,392	3,638,631	2,922,468	716,163

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

	General Needs Housing £	2021 Total £	2020 Total £
Revenue from Lettings			
Rent receivable net of service charges	2,732,820	2,732,820	2,657,091
Gross income from rent and service charges	2,732,820	2,732,820	2,657,091
Less: Rent losses from voids	4,503	4,503	4,225
Income from rents and service charges	2,728,317	2,728,317	2,652,866
Grants released from deferred income	906,043	906,043	909,565
Revenue grants from Scottish Ministers	6,941	6,941	45,500
Total turnover from affordable letting activities	3,641,301	3,641,301	3,607,931
Expenditure on affordable letting activities			
Management and maintenance administration costs	950,829	950,829	921,519
Service costs	103,720	103,720	104,322
Planned and cyclical maintenance, including major repairs	241,983	241,983	425,461
Reactive maintenance costs	235,986	235,986	268,888
Bad Debts - rents and service charges	(1,334)	(1,334)	14,717
Depreciation of affordable let properties	1,129,787	1,129,787	1,133,743
Operating costs of affordable letting activities	2,660,971	2,660,971	2,868,650
Operating surplus on affordable letting activities	980,330	980,330	739,281
2020	739,281		

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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 revenue grants	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2021	Operating surplus / (deficit) 2020
	£	£	£	£	£	£	£
Wider role activities	4,115	-	-	4,115	39,995	(35,880)	3,698
Factoring	-	-	15,518	15,518	11,807	3,711	3,372
Support activities	-	-	-	-	-	-	(37,669)
Contracted out services undertaken for registered social landlords	-	-	-	-	-	-	1,901
Other activities	-	13,064	1,454	14,518	7,287	7,231	5,580
Total From Other Activities	4,115	13,064	16,972	34,151	59,089	(24,938)	(23,118)
2020	10,038	-	20,662	30,700	53,818	(23,118)	

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2021	2020
	£	£
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 Co-operative.		
Aggregate emoluments payable of Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>62,971</u>	<u>74,841</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>5,550</u>	<u>7,283</u>
Emoluments payable to Director (Resigned 31.12.20) (excluding pension contributions)	78,497	74,841
Pension contributions paid on behalf of the Director	<u>7,056</u>	<u>7,283</u>
Total emoluments payable to the Director	<u>85,553</u>	<u>82,124</u>
Total emoluments paid to key management personnel	<u>213,087</u>	<u>217,561</u>

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

	Number	Number
£60,001 to £70,000	1	-
£70,001 to £80,000	<u>-</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2021	2020
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>19</u>	<u>19</u>
Average total number of employees employed during the year	<u>20</u>	<u>21</u>
Staff costs were:	£	£
Wages and salaries	611,588	581,678
National insurance costs	56,527	53,264
Pension costs	49,186	49,623
	<u>717,301</u>	<u>684,565</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
On bank loans and overdrafts	<u>274,675</u>	<u>290,101</u>

8. SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,196,558	1,187,126
Auditors' remuneration - audit services	7,896	6,738
Auditors' remuneration - other services	2,260	1,692
Operating lease rentals - land & buildings	-	1
Operating lease rentals - other	<u>8,040</u>	<u>2,434</u>

9. CORPORATION TAX

	2021	2020
	£	£
Analysis of Charge in Year		
<i>Current Tax:</i>		
Corporation tax	<u>1,351</u>	<u>2,926</u>
Total Current Tax	<u>1,351</u>	<u>2,926</u>

10. OTHER FINANCE INCOME / (CHARGES)

	2021	2020
	£	£
Net interest on pension obligations	<u>1,225</u>	<u>12,302</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties held of letting £	Total £
COST		
At 1 April 2020	53,500,445	53,500,445
Additions	52,315	52,315
Disposals	(19,029)	(19,029)
At 31 March 2021	<u>53,533,731</u>	<u>53,533,731</u>
DEPRECIATION		
At 1 April 2020	16,697,217	16,697,217
Charge for Year	1,124,543	1,124,543
Disposals	(13,785)	(13,785)
At 31 March 2021	<u>17,807,975</u>	<u>17,807,975</u>
NET BOOK VALUE		
At 31 March 2021	<u>35,725,756</u>	<u>35,725,756</u>
At 31 March 2020	<u>36,803,228</u>	<u>36,803,228</u>

Expenditure on Existing Properties	2021		2020	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	52,315	-	392,675	-
Amounts charged to the statement of comprehensive income	<u>1,050</u>	<u>-</u>	<u>694,349</u>	<u>-</u>

The Co-operatives's lenders have standard securities over housing property with a carry value of £30,250,640 (2020 - £31,105,652)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Estate Machinery & Equipment £	Community Facility £	Total £
COST					
At 1 April 2020	540,235	289,975	23,882	1,113,675	1,967,767
Additions	-	11,467	347	-	11,814
At 31 March 2021	<u>540,235</u>	<u>301,442</u>	<u>24,229</u>	<u>1,113,675</u>	<u>1,979,581</u>
DEPRECIATION					
At 1 April 2020	267,032	271,228	22,919	556,279	1,117,458
Charge for year	17,990	16,612	328	37,085	72,015
At 31 March 2021	<u>285,022</u>	<u>287,840</u>	<u>23,247</u>	<u>593,364</u>	<u>1,189,473</u>
NET BOOK VALUE					
At 31 March 2021	<u>255,213</u>	<u>13,602</u>	<u>982</u>	<u>520,311</u>	<u>790,108</u>
At 31 March 2020	<u>273,203</u>	<u>18,747</u>	<u>963</u>	<u>557,396</u>	<u>850,309</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2021	2020
	£	£
Gross arrears of rent and service charges	100,410	61,350
Less: Provision for doubtful debts	<u>(48,866)</u>	<u>(53,703)</u>
<i>Net arrears of rent and service charges</i>	51,544	7,647
Other receivables	44,707	52,324
	<u>96,251</u>	<u>59,971</u>

13. CURRENT ASSET INVESTMENTS

	2021	2020
	£	£
Short term deposits	600,001	1,804,470
	<u>600,001</u>	<u>1,804,470</u>

14. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	2,759,817	1,153,639
	<u>2,759,817</u>	<u>1,153,639</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans	370,734	380,575
Trade payables	21,703	129,524
Rent received in advance	159,363	190,817
Corporation tax payable	773	2,927
Other taxation and social security	14,426	330
Other payables	29,283	23,646
Accruals and deferred income	214,460	123,391
	<u>810,742</u>	<u>851,210</u>

16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans	6,019,649	6,393,041
	<u>6,019,649</u>	<u>6,393,041</u>

17. DEBT ANALYSIS - BORROWINGS

	2021	2020
	£	£
Bank Loans		
Amounts due within one year	370,734	380,575
Amounts due in one year or more but less than two years	383,055	370,667
Amounts due in two years or more but less than five years	1,026,367	1,099,819
Amounts due in more than five years	4,610,227	4,922,555
	<u>6,390,383</u>	<u>6,773,616</u>

The Co-operative has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
RBS	Standard security over 70 properties	4.6%	2040	Fixed
RBS	Standard security over 52 properties	4.6%	2041	Fixed
Nationwide	Standard security over 66 properties	3.9%	2030	Fixed
Nationwide	Standard security over 55 properties	3.8%	2032	Fixed
Nationwide	Standard security over 59 properties	3.8%	2032	Fixed
RBS	Standard security over 90 properties	LIBOR + 0.45%	2024	Variable

All of the Co-operative's bank borrowings are repayable on a monthly/quarterly basis with the principal being amortised over the term of the loans.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Easthall Park Housing Co-operative Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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 reapportioned amongst the remaining employer. Therefore in certain circumstances the Co-operative may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2021	2020
	£	£
Fair value of plan assets	2,333,000	2,222,000
Present value of defined benefit obligation	2,584,000	2,204,000
Surplus / (deficit) in plan	(251,000)	18,000
Unrecognised surplus	-	(18,000)
Defined benefit asset / (liability) to be recognised	(251,000)	-

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2021 £	2020 £
Defined benefit obligation at the start of period	2,204,000	2,390,000
Expenses	2,000	2,000
Interest expense	50,000	56,000
Actuarial losses (gains) due to scheme experience	(14,000)	75,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(13,000)
Actuarial losses (gains) due to changes in financial assumptions	497,000	(292,000)
Benefits paid and expenses	(155,000)	(14,000)
Defined benefit obligation at the end of period	<u>2,584,000</u>	<u>2,204,000</u>

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

	2021 £	2020 £
Fair value of plan assets at start of period	2,222,000	1,898,000
Interest income	51,000	45,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	151,000	229,000
Contributions by the employer	64,000	64,000
Benefits paid and expenses	(155,000)	(14,000)
Fair value of plan assets at the end of period	<u>2,333,000</u>	<u>2,222,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £202,000

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2021 £	2020 £
Expenses	2,000	2,000
Net interest expense	-	11,000
	<u>2,000</u>	<u>13,000</u>
Defined benefit costs recognised in statement of comprehensive income	<u>2,000</u>	<u>13,000</u>

Defined benefit costs recognised in the other comprehensive income

	2021 £	2020 £
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	151,000	229,000
Experience gains and losses arising on plan liabilities - gain /(loss)	14,000	(75,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	13,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	(497,000)	292,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>(332,000)</u>	<u>459,000</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	18,000	(18,000)
Total amount recognised in other comprehensive income - gain (loss)	<u>(314,000)</u>	<u>441,000</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2021	2020	2019
	£	£	£
Absolute Return	115,000	137,000	161,000
Alternative Risk Premia	94,000	178,000	106,000
Corporate Bond Fund	176,000	162,000	133,000
Credit Relative Value	67,000	53,000	33,000
Distressed Opportunities	80,000	41,000	32,000
Emerging Markets Debt	94,000	79,000	61,000
Fund of Hedge Funds	-	-	5,000
Global Equity	361,000	306,000	305,000
Infrastructure	130,000	131,000	80,000
Insurance-Linked Securities	49,000	60,000	49,000
Liability Driven Investment	561,000	586,000	676,000
Long Lease Property	54,000	54,000	23,000
Net Current Assets	17,000	17,000	2,000
Over 15 Year Gilts	1,000	28,000	49,000
Private Debt	55,000	44,000	24,000
Property	42,000	41,000	38,000
Risk Sharing	83,000	70,000	55,000
Secured Income	128,000	123,000	66,000
Opportunistic Illiquid Credit	60,000	54,000	-
Liquid Credit	40,000	58,000	-
High Yield	61,000	-	-
Opportunistic Credit	64,000	-	-
Cash	1,000	-	-
Total assets	<u>2,333,000</u>	<u>2,222,000</u>	<u>1,898,000</u>

None of the fair values of the assets shown above include any direct investment in the Co-operative's own financial instruments or any property occupied by, or other assets used by the co-operative.

Key Assumptions

	2021	2020	2019
Discount Rate	2.2%	2.4%	2.4%
Inflation (RPI)	3.3%	2.6%	3.3%
Inflation (CPI)	2.9%	1.6%	2.3%
Salary Growth	3.9%	2.6%	3.3%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	<u>25.0</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Non Housing Grants £	Total £
Capital grants received				
At 1 April 2020	27,271,617	8,638	1,198,675	28,478,930
At 31 March 2021	27,271,617	8,638	1,198,675	28,478,930
Amortisation				
At 1 April 2020	3,097,803	-	558,823	3,656,626
Amortisation in year	866,127	-	39,916	906,043
At 31 March 2021	3,963,930	-	598,739	4,562,669
Net book value				
At 31 March 2021	23,307,687	8,638	599,936	23,916,261
At 31 March 2020	24,173,814	8,638	639,852	24,822,304

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

	2021 £	2020 £
Amounts due within one year	904,473	909,958
Amounts due in more than one year	23,011,791	23,913,346
	23,916,264	24,823,304

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2021 £	2020 £
At 1 April	693	693
Issued in year	30	32
Cancelled in year	(32)	(32)
At 31 March	691	693

Each member of the Co-operative 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 Co-operative. Each member has a right to vote at members' meetings.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. STATEMENT OF CASH FLOWS

Reconciliation of net cash flow to movement in net funds

	2021	2020
	£	£
Increase in cash	1,606,178	155,874
Change in liquid resources	(1,204,469)	(148,491)
Cashflow from change in net debt	383,233	375,401
Movement in net debt during the year	784,942	382,784
Net debt at 1st April 2020	(3,815,507)	(4,198,291)
Net debt at 31 March 2021	(3,030,565)	(3,815,507)

	At	Cashflows	Other	At
	01 April 2020	£	Changes	31 March 2021
	£	£	£	£
Cash at bank and in hand	1,153,639	1,606,178	-	2,759,817
Liquid resources	1,153,639	1,606,178	-	2,759,817
Debt: Due within one year	1,804,470	(1,204,469)	-	600,001
Due after more than one year	(380,575)	383,233	(373,392)	(370,734)
Net Debt	(6,393,041)	-	373,392	(6,019,649)
	(3,815,507)	784,942	-	(3,030,565)

22. COMMITMENTS UNDER OPERATING LEASES

	2021	2020
	£	£
Other		
Expiring in the next year	8,040	2,434
Expiring later than one year and not later than five years	21,603	9,734
Expiring later than five years	-	1,217

23. DETAILS OF CO-OPERATIVE

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

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

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

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £0 (2020 - £555) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Co-operative.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

25. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021 No.	2020 No.
General needs	695	695
	<u>695</u>	<u>695</u>

26. RELATED PARTY TRANSACTIONS

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

Any transactions between the Co-operative and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

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

	2021 £	2020 £
Rent received from tenants on the Management Committee and their close family members	<u>39,809</u>	<u>52,401</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £622 (2020 - £250).

Members of the Management Committee who are tenants	8	8
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The following transactions took place during the year between the Co-operative and its related parties. During the year to 31 March 2021, overheads totalling £9,125 (2020 - £8,458) of which £3,286 (2020 - £2,608) are outstanding at the year end and financial services totalling £1,426 (2020 - £2,281) of which £nil (2020 - £570) are outstanding at the year end. In addition, donations of £nil (2020 - £1,000) were paid to the Christmas Fayre. There are also 2 members of the Management Committee who are Board members of the Easthall Residents Association.