



Alexander Sloan
Accountants and Business Advisers

Easthall Park Housing Co-operative Limited

Report and Financial Statements

For the year ended 31 March 2022

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 2022

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EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

MANAGEMENT COMMITTEE

Paul Waddell	Chairperson
Joe Gracey	Vice-Chairperson
George McNaught	
Alison Cushingam	
Mary Davidson	
Charles Harvey	
Caroline Cooper	
David Barnes	
Joyce Kenna	Co-optee
Clive Douglas	Co-optee (Appointed January 2022)
Graham Gillespie	Co-optee (Resigned 31 December 2021)
Jason MacGilp	Co-optee (Appointed 15 June 2021, Resigned 31 December 2021)
Laura Shields	Co-optee (Appointed 8 December 2021, Resigned 1 February 2022)

EXECUTIVE OFFICERS

Kenny Mollins	Interim Director (Appointed 13 December 2021)
Claire McGraw	Director (Resigned 31 December 2021)
Sharon Flynn	Housing Services Manager (Resigned 23 June 2022)
Joanne Hendry	Finance Manager (Resigned 18 February 2022)
Bryan McMahon	Maintenance Manager (Resigned 10 May 2022)
Malcolm Finnie	Temporary Maintenance Manager (Appointed 25 April 2022)

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

TC Young
7 West George Street
Glasgow
G2 1BA

FINANCE AGENT

FMD Financial Services Ltd
Unit 29
Ladyloan Place
Glasgow
G15 8LB

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

The Management Committee presents its report and the financial statements for the year ended 31 March 2022.

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 based in the Easterhouse area of Glasgow. As at the 31 March 2022, the Co-operative owned 695 properties and provides a factoring management service to 55 owner-occupiers.

The Co-operative has a clear purpose of 'Making a Difference to our Community', which is achieved through a suite of strategic objectives:

- Delivering excellent housing services;
- Provision of quality homes and an attractive environment;
- Strong financial management and value for money;
- People development and strong governance; and
- More than a landlord – maintaining a strong and vibrant community

It has been a challenging year for the Co-operative through the Covid Pandemic, where we operated home and hybrid working arrangements to deliver the housing service, whilst ensuring compliance with the Scottish Government's requirements and guidance to mitigate the spread of the virus and to keep our staff and customers safe. As the Scottish Government lifted their restrictions, we have now returned to the office full time in recognition of the need to work closely and support our tenants in our communities.

The Co-operative is fully focussed on recovery from Covid 19 and to continuously improve in our work and services. We completed our annual return on the housing charter and we are pleased with our performance across many areas of our business. Our repairs service is a key area of focus in the coming year, where we will tender our maintenance term contract to ensure continuity of service.

We continue to support and work in partnership with Easthall Residents Association (ERA), where they made a real difference to residents' lives during the pandemic and continue to deliver an array of community activities, events and services at the Glenburn Centre.

The Co-operative is also working with ERA in the provision of employment advice and services through a new post of an Employability and Personal development Officer, which is funded through the Scottish Government. We also recognise the impact of the increase in the cost of living and are working to attract funding to provide services to further support our tenants and local residents with these costs and challenges e.g. welfare rights, energy advice services.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022 (continued)

The Co-operative is governed by a Management Committee of mainly tenants of the organisation that is supported by co-options with particular experience, to enhance the capability of the Committee to lead and direct the organisation to strengthen the business and to achieve good outcomes for our tenants and other stakeholders.

There have been governance and organisational challenges in the last year including a turnover of Directors and senior management staff. The Co-operative has worked closely and been supported by the specialist consultants, advisors and the Scottish Housing Regulator and to ensure good governance of the Co-operative.

The Co-operative has commenced a period of strategic review where we have commissioned an independent company to work with the Management Committee to undertake a strategic options appraisal, which will assess our financial viability and other factors to inform our decisions on the best delivery model for our housing service. We expect this process to be completed in August 2022 and it will lay the foundation to ensure the provision of a high quality and responsive housing service to meet the needs and expectations of tenants and other customers.

We will also undertake other strategic tasks in the year with the aim to ensure good governance service excellence, best value for money and to inform our work and investment plans for our tenants' homes, these include the following:

- Review of our Business Plan and governance structure to ensure effective leadership and stewardship of our business;
- Implementation of our audit programme to independently assess key areas of our work
- Procurement of key contracts in our work and services;
- Review of our staff structure to ensure we have the resources to deliver our housing service;
- Undertake a Residents Satisfaction Survey to listen to our tenants and owner-occupiers' views of our service;
- Review our estate caretaking service to ensure backcourts, common areas, shrub beds and the local environment in our communities are maintained to a high standard; and
- Complete a full stock condition survey to inform the development of investment plans to maintain our properties and tenants' homes to a high standard.

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:

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022 (continued)

- 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.

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;

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022 (continued)

- 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 2022. 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 £6,680 (2021 - £nil).

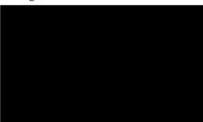
Disclosure of Information to the Auditor

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.

By order of the Management Committee



ANILA ALI
Secretary
27th July 2022

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 pages 4-5 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 pages 4-5 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
27th July 2022


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 2022

Opinion

We have audited the financial statements of Easthall Park Housing Co-operative Limited (the 'Co-operative') for the year ended 31 March 2022 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 2022 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's 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 2022 (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 pages 3-4, 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 2022 (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 inspecting legal correspondence; 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 PARK HOUSING CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EASTHALL HOUSING CO-OPERATIVE LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (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
27th July 2022



EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Revenue	2	3,872,987	3,675,452
Operating costs	2	3,525,630	2,720,060
OPERATING SURPLUS		347,357	955,392
Interest receivable and other income		1,660	5,080
Interest payable and similar charges	7	(280,876)	(274,675)
Other Finance income/(charges)	10	(7,000)	(1,225)
		(286,216)	(270,820)
Surplus on ordinary activities before taxation	8	61,141	684,572
Tax on surplus on ordinary activities	9	(508)	(1,351)
SURPLUS FOR THE YEAR		60,633	683,221
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	18	186,000	(314,000)
TOTAL COMPREHENSIVE INCOME		246,633	369,221

The results relate wholly to continuing activities.

The notes on pages 15 to 31 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	11		34,401,097		35,725,756
Other tangible assets	11		<u>738,103</u>		<u>790,108</u>
			35,139,200		36,515,864
CURRENT ASSETS					
Receivables	12	102,039		96,251	
Investments	13	604,231		600,001	
Cash and cash equivalents	14	<u>2,886,675</u>		<u>2,759,817</u>	
		3,592,945		3,456,069	
CREDITORS: Amounts falling due within one year	15	<u>(948,246)</u>		<u>(810,742)</u>	
NET CURRENT ASSETS			<u>2,644,699</u>		<u>2,645,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			37,783,899		39,161,191
CREDITORS: Amounts falling due after more than one year	16		(5,636,011)		(6,019,649)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	18	<u>-</u>		<u>(251,000)</u>	
			-		(251,000)
DEFERRED INCOME					
Social housing grants	19	(22,366,995)		(23,316,325)	
Other grants	19	<u>(559,980)</u>		<u>(599,936)</u>	
			<u>(22,926,975)</u>		<u>(23,916,261)</u>
NET ASSETS			<u>9,220,913</u>		<u>8,974,281</u>
EQUITY					
Share capital	20		690		691
Revenue reserves			9,220,223		9,224,590
Pension reserves			<u>-</u>		<u>(251,000)</u>
			<u>9,220,913</u>		<u>8,974,281</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 27 July 2022.

Committee Member

Committee Member

Secretary

The notes on pages 15 to 31 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Surplus for the Year			60,633		683,221
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets		1,162,264		1,196,558	
Amortisation of capital grants	19	(885,265)		(906,043)	
Loss on disposal of components		204,908		5,244	
Non-cash adjustments to pension provisions		(65,000)		(63,000)	
Share capital written off	20	(32)		(32)	
			416,875		232,727
Interest receivable			(1,660)		(5,080)
Interest payable	7		280,876		274,675
Operating cash flows before movements in working capital			756,724		1,185,543
Change in debtors		(5,788)		(36,280)	
Change in creditors		125,070		(30,627)	
			119,282		(66,907)
Net cash inflow from operating activities			876,006		1,118,636
Investing Activities					
Acquisition and construction of properties		(73,675)		(52,315)	
Purchase of other fixed assets		(20,854)		(11,814)	
Changes on short term deposits with banks		(4,230)		1,204,469	
Net cash (outflow) / inflow from investing activities			(98,759)		1,140,340
Financing Activities					
Interest received on cash and cash equivalents		1,660		5,080	
Interest paid on loans		(280,876)		(274,675)	
Loan principal repayments		(371,204)		(383,233)	
Share capital issued	20	31		30	
Net cash outflow from financing activities			(650,389)		(652,798)
Increase in cash	21		126,858		1,606,178
Opening cash & cash equivalents			2,759,817		1,153,639
Closing cash & cash equivalents			<u>2,886,675</u>		<u>2,759,817</u>
Cash and cash equivalents as at 31 March					
Cash	21		2,886,675		2,759,817
			<u>2,886,675</u>		<u>2,759,817</u>

The notes on pages 15 to 31 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
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
Balance as at 1 April 2021	691	(251,000)	9,224,590	8,974,281
Issue of Shares	31	-	-	31
Cancellation of Shares	(32)	-	-	(32)
Other comprehensive income	-	186,000	-	186,000
Other movements	-	65,000	(65,000)	-
Surplus for the year	-	-	60,633	60,633
Balance as at 31 March 2022	690	-	9,220,223	9,220,913

The notes on pages 15 to 31 form an integral part of these financial statements.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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.

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>
Bathroom	30 years
Boiler	15 years
External Doors	30 years
Kitchen	15 years
Radiators	30 years
Rewiring	30 years
Roof	50 years
Structure	50 years
Windows	30 years

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 and Community Facility	3.33%
Furniture and Equipment	33%
Estate Machinery and 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.

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.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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 it's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements 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 participated in a defined benefit pension scheme arrangement with the Scottish Housing Association 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. Judgements relating to the benefits issue are included in Note 27.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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) 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.

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 2022 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	3,786,481	3,432,544	353,937	3,641,301	2,660,971	980,330
Other Activities	4	86,506	93,086	(6,580)	34,151	59,089	(24,938)
Total		3,872,987	3,525,630	347,357	3,675,452	2,720,060	955,392

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

	General Needs Housing £	2022 Total £	2021 Total £
Revenue from Lettings			
Rent receivable net of service charges	2,759,927	2,759,927	2,732,820
Gross income from rent and service charges	2,759,927	2,759,927	2,732,820
Less: Rent losses from voids	9,901	9,901	4,503
Income from rents and service charges	2,750,026	2,750,026	2,728,317
Grants released from deferred income	989,286	989,286	906,043
Revenue grants from Scottish Ministers	47,169	47,169	6,941
Total turnover from affordable letting activities	3,786,481	3,786,481	3,641,301
Expenditure on affordable letting activities			
Management and maintenance administration costs	1,237,105	1,237,105	950,829
Service costs	127,534	127,534	103,720
Planned and cyclical maintenance, including major repairs	349,857	349,857	241,983
Reactive maintenance costs	316,693	316,693	235,986
Bad Debts - rents and service charges	3,021	3,021	(1,334)
Depreciation of affordable let properties	1,398,334	1,398,334	1,129,787
Operating costs of affordable letting activities	3,432,544	3,432,544	2,660,971
Operating surplus on affordable letting activities	353,937	353,937	980,330
2021		980,330	

* Included within planned and cyclical maintenance is £133,342 relating to work carried over from previous financial years due to the impact of COVID-19.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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) 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£	£	£
Wider role activities	67,178	-	-	67,178	76,160	(8,982)	(35,860)
Factoring	-	-	16,478	16,478	15,025	1,453	3,711
Support activities	-	-	1,901	1,901	1,901	-	-
Other activities	-	949	-	949	-	949	7,231
Total From Other Activities	67,178	949	18,379	86,506	93,086	(6,580)	(24,938)
2021	4,115	13,064	16,972	34,151	59,089	(24,938)	-

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2022 £	2021 £
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>81,523</u>	<u>62,971</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>4,439</u>	<u>5,550</u>
Compensation payable to Officers for loss of office	<u>40,000</u>	<u>-</u>
Emoluments payable to Director (excluding pension contributions)	55,295	78,497
Pension contributions paid on behalf of the Director	<u>4,554</u>	<u>7,056</u>
Total emoluments payable to the Director	<u>59,849</u>	<u>85,553</u>
Total emoluments paid to key management personnel	<u>271,993</u>	<u>213,087</u>
Consideration paid for services of key management personnel paid to third parties	<u>42,471</u>	<u>-</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
£80,001 to £90,000	<u>1</u>	<u>-</u>

6. EMPLOYEE INFORMATION

	2022 No.	2021 No.
Average monthly number of full time equivalent persons employed during the year	<u>21</u>	<u>19</u>
Average total number of employees employed during the year	<u>22</u>	<u>20</u>
Staff costs were:	£	£
Wages and salaries	644,496	611,588
National insurance costs	52,792	56,527
Pension costs	50,518	49,186
Temporary, agency and seconded staff	114,560	-
	<u>862,366</u>	<u>717,301</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	280,876	274,675

8. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,162,264	1,196,558
Loss on component disposals	204,908	5,244
Auditors' remuneration - audit services	8,340	7,896
Auditors' remuneration - other services	2,918	2,260
Operating lease rentals - land & buildings	1	-
Operating lease rentals - other	8,040	8,040

9. CORPORATION TAX

	2022	2021
	£	£
Analysis of Charge in Year		
<i>Current Tax:</i>		
Corporation tax	508	1,351
Total Current Tax	508	1,351

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.

10. OTHER FINANCE INCOME / (CHARGES)

	2022	2021
	£	£
Net interest on pension obligations	7,000	1,225

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties held of letting £	Total £
COST		
At 1 April 2021	53,533,731	53,533,731
Additions	73,675	73,675
Disposals	(1,141,451)	(1,141,451)
At 31 March 2022	<u>52,465,955</u>	<u>52,465,955</u>
DEPRECIATION		
At 1 April 2021	17,807,975	17,807,975
Charge for Year	1,089,405	1,089,405
Disposals	(832,522)	(832,522)
At 31 March 2022	<u>18,064,858</u>	<u>18,064,858</u>
NET BOOK VALUE		
At 31 March 2022	<u>34,401,097</u>	<u>34,401,097</u>
At 31 March 2021	<u>35,725,756</u>	<u>35,725,756</u>

Expenditure on Existing Properties	2022		2021	
	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	73,675	-	52,315	-
Amounts charged to the statement of comprehensive income	-	96,998	-	1,050
	<u>73,675</u>	<u>96,998</u>	<u>52,315</u>	<u>1,050</u>

The Co-operatives's lenders have standard securities over housing property with a carry value of £29,275,316 (2021 - £30,250,640).

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 2022 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 2021	540,235	301,442	24,229	1,113,675	1,979,581
Additions	-	20,854	-	-	20,854
At 31 March 2022	<u>540,235</u>	<u>226,138</u>	<u>23,612</u>	<u>1,113,675</u>	<u>1,903,660</u>
DEPRECIATION					
At 1 April 2021	285,022	287,840	23,247	593,364	1,189,473
Charge for year	18,140	16,730	249	37,123	72,242
At 31 March 2022	<u>303,162</u>	<u>208,412</u>	<u>23,496</u>	<u>630,487</u>	<u>1,165,557</u>
NET BOOK VALUE					
At 31 March 2022	<u>237,073</u>	<u>17,726</u>	<u>116</u>	<u>483,188</u>	<u>738,103</u>
At 31 March 2021	<u>255,213</u>	<u>13,602</u>	<u>982</u>	<u>520,311</u>	<u>790,108</u>

12. RECEIVABLES

	2022 £	2021 £
Gross arrears of rent and service charges	106,892	100,410
Less: Provision for doubtful debts	(62,496)	(48,866)
<i>Net arrears of rent and service charges</i>	44,396	51,544
Other receivables	57,643	44,707
	<u>102,039</u>	<u>96,251</u>

13. CURRENT ASSET INVESTMENTS

	2022 £	2021 £
Short term deposits	604,231	600,001
	<u>604,231</u>	<u>600,001</u>

14. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	2,886,675	2,759,817
	<u>2,886,675</u>	<u>2,759,817</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	383,168	370,734
Trade payables	249,621	21,703
Rent received in advance	184,246	159,363
Corporation tax payable	315	773
Other taxation and social security	12,193	14,426
Other payables	16,996	29,283
Accruals and deferred income	101,707	214,460
	<u>948,246</u>	<u>810,742</u>

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

	2022	2021
	£	£
Bank loans	5,636,011	6,019,649
	<u>5,636,011</u>	<u>6,019,649</u>

17. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
Bank Loans		
Amounts due within one year	383,168	370,734
Amounts due in one year or more but less than two years	407,980	383,055
Amounts due in two years or more but less than five years	983,133	1,026,367
Amounts due in more than five years	4,244,898	4,610,227
	<u>6,019,179</u>	<u>6,390,383</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
Nationwide	Standard security over 66 properties	3.860%	2032	Fixed
Nationwide	Standard security over 53 properties	3.810%	2032	Fixed
Nationwide	Standard security over 50 properties	3.810%	2033	Fixed
RBS	Standard security over 90 properties	Base + 0.450%	2034	Variable
RBS	Standard security over 76 properties	4.635%	2040	Fixed
RBS	Standard security over 70 properties	4.580%	2041	Fixed

All of the Co-operative's bank borrowings are repayable on a monthly or 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 2022 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 30th 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%). All Scheme members have agreed to make contributions towards the past service deficit.

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)

	2022	2021
	£	£
Fair value of plan assets	2,400,000	2,333,000
Present value of defined benefit obligation	2,355,000	2,584,000
Surplus / (deficit) in plan	45,000	(251,000)
Unrecognised surplus	(45,000)	-
Defined benefit asset / (liability) to be recognised	-	(251,000)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022	2021
	£	£
Defined benefit obligation at the start of period	2,584,000	2,204,000
Expenses	2,000	2,000
Interest expense	55,000	50,000
Actuarial losses (gains) due to scheme experience	85,000	(14,000)
Actuarial losses (gains) due to changes in demographic assumptions	7,000	-
Actuarial losses (gains) due to changes in financial assumptions	(234,000)	497,000
Benefits paid and expenses	(144,000)	(155,000)
Defined benefit obligation at the end of period	2,355,000	2,584,000

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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 fair value of plan assets

	2022	2021
	£	£
Fair value of plan assets at start of period	2,333,000	2,222,000
Interest income	50,000	51,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	89,000	151,000
Contributions by the employer	72,000	64,000
Benefits paid and expenses	(144,000)	(155,000)
Fair value of plan assets at the end of period	<u>2,400,000</u>	<u>2,333,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £139,000 (2021: £202,000).

Defined benefit costs recognised in the statement of comprehensive income

	2022	2021
	£	£
Expenses	2,000	2,000
Net interest expense	5,000	-
Defined benefit costs recognised in statement of comprehensive income	<u>7,000</u>	<u>2,000</u>

income

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	89,000	151,000
Experience gains and losses arising on plan liabilities - gain/(loss)	(85,000)	14,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain/(loss)	(7,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain/(loss)	234,000	(497,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain/(loss)	<u>231,000</u>	<u>(332,000)</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain/(loss)	(45,000)	18,000
Total amount recognised in other comprehensive income - gain (loss)	<u>186,000</u>	<u>(314,000)</u>

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2022	2021	2020
	£	£	£
Absolute Return	110,000	115,000	137,000
Alternative Risk Premia	99,000	94,000	178,000
Corporate Bond Fund	152,000	176,000	162,000
Credit Relative Value	77,000	67,000	53,000
Distressed Opportunities	86,000	80,000	41,000
Emerging Markets Debt	89,000	94,000	79,000
Global Equity	475,000	361,000	306,000
Infrastructure	150,000	130,000	131,000
Insurance-Linked Securities	50,000	49,000	60,000
Liability Driven Investment	582,000	561,000	586,000
Long Lease Property	69,000	54,000	54,000
Net Current Assets	8,000	17,000	17,000
Over 15 Year Gilts	1,000	1,000	28,000
Private Debt	60,000	55,000	44,000
Property	62,000	42,000	41,000
Risk Sharing	78,000	83,000	70,000
Secured Income	128,000	128,000	123,000
Opportunistic Illiquid Credit	80,000	60,000	54,000
Liquid Credit	15,000	40,000	58,000
High Yield	23,000	61,000	-
Opportunistic Credit	8,000	64,000	-
Cash	7,000	1,000	-
Total assets	2,400,000	2,333,000	2,222,000

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

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.4%
Inflation (RPI)	3.5%	3.3%	2.6%
Inflation (CPI)	3.1%	2.9%	1.6%
Salary Growth	4.1%	3.9%	2.6%

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life exp

	Life expectancy at age 65 years (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Office Grant £	Community Facility Grant £	Total £
Capital grants received				
At 1 April 2021 (as restated)	38,436,084	85,000	1,113,675	39,634,759
Eliminated on disposal	(460,845)	-	-	(460,845)
At 31 March 2022	<u>37,975,239</u>	<u>85,000</u>	<u>1,113,675</u>	<u>39,173,914</u>
Amortisation				
At 1 April 2021 (as restated)	15,119,759	42,460	556,279	15,718,498
Amortisation in year	845,309	2,833	37,123	885,265
Eliminated on disposal	(356,824)	-	-	(356,824)
At 31 March 2022	<u>15,608,244</u>	<u>45,293</u>	<u>593,402</u>	<u>16,246,939</u>
Net book value				
At 31 March 2022	<u>22,366,995</u>	<u>39,707</u>	<u>520,273</u>	<u>22,926,975</u>
At 31 March 2021	<u>23,316,325</u>	<u>42,540</u>	<u>557,396</u>	<u>23,916,261</u>

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

	2022 £	2021 £
Amounts due within one year	885,264	904,473
Amounts due in more than one year	22,041,711	23,011,788
	<u>22,926,975</u>	<u>23,916,261</u>

The balances at 1 April 2021 have been restated to reflect the actual grants received to date. This results in no change to the net book value at 1 April 2021.

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	691	693
Issued in year	31	30
Cancelled in year	(32)	(32)
At 31 March	<u>690</u>	<u>691</u>

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.

The Co-operative had 690 housing units which were occupied at year-end hence a share capital balance of 690, 4 housing units which were void at year-end and 1 housing unit which is being used for the caretakers. This gives a total of 695 housing units as shown in note 25.

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. STATEMENT OF CASH FLOWS

<i>Reconciliation of net cash flow to movement in net funds</i>		2022		2021	
	£	£	£	£	£
Increase in cash	126,858		1,606,178		
Change in liquid resources	4,230		(1,204,469)		
Cashflow from change in net debt	371,204		383,233		
Movement in net debt during the year		502,292		784,942	
Net debt at 1st April 2021		(3,030,565)		(3,815,507)	
Net debt at 31 March 2022		<u>(2,528,273)</u>		<u>(3,030,565)</u>	

<i>Analysis of changes in net debt</i>	At		Other	At
	01 April 2021	Cashflows	Changes	31 March 2022
	£	£	£	£
Cash at bank and in hand	2,759,817	126,858	-	2,886,675
	2,759,817	126,858	-	2,886,675
Liquid resources	600,001	4,230	-	604,231
Debt: Due within one year	(370,734)	371,204	(383,638)	(383,168)
Due after more than one year	(6,019,649)	-	383,638	(5,636,011)
Net Debt	<u>(3,030,565)</u>	<u>502,292</u>	<u>-</u>	<u>(2,528,273)</u>

22. COMMITMENTS UNDER OPERATING LEASES

	2022	2021
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Land and Buildings		
Expiring in the next year	1	-
Expiring later than one year and not later than five years	4	-
Expiring later than five years	38	-
	<u>43</u>	<u>-</u>
Other		
Expiring in the next year	8,040	8,040
Expiring later than one year and not later than five years	18,597	26,637
	<u>26,637</u>	<u>34,677</u>

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, G34 9AN.

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

EASTHALL PARK HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £nil (2021 - £nil) 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.

25. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2022 No.	2021 No.
General needs	695	695

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:

	2022 £	2021 £
Rent received from tenants on the Management Committee and their close family members	105,252	78,186

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £2,118 (2021 - £7,312).

Members of the Management Committee who are tenants 8 8

The following transactions took place between the Co-operative and Easthall Residents Association (ERA) during the year to 31 March 2022: recharged overheads to ERA totalling £7,910 (2021 - £9,125) of which £1,978 (2021: £3,286) was outstanding at the year end, provision of financial services to ERA totalling £1,901 (2021: £1,426) of which £475 (2021 - £nil) was outstanding at the year end and donations to ERA of £6,680 (2021: £nil). There are 3 members of the Co-operative's Management Committee who are Board members of ERA (2021: 2).

27. CONTINGENT LIABILITY

The Pension Trust has completed a review of the changes made to the benefit structures of the Defined Benefit Schemes within the Trust. The result of this review is that, in some cases, it is unclear whether changes were made to scheme benefits in accordance with the Trust's governing documentation.

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest. However, one potential outcome is that scheme members, of which the Association is one, may see their share of scheme liabilities increase.

The Pension Trust have not made their legal advice available and the likelihood of success is currently unknown. For multi-employer schemes, the Trustee is unable to provide the estimated potential additional liability at an individual employer level as this is as yet unknown. Furthermore due to the complexities in relation to back payments, transfers, deaths and orphan liabilities, etc., it may not be possible to ascertain an accurate split by individual employers until after the court ruling, when the scope of any rectification work, should this be required, becomes known. As a result, no provision has therefore been included in the financial statements.

