

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

Registered Housing Association Number: HAC 226  
FCA Reference Number: 2337R  
Scottish Charity Registration Number: SC045936

# GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

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# GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

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## THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2016

### MEMBERS OF THE MANAGEMENT COMMITTEE

David Cooper	(Chairperson)
Patryk Topolski	(Vice Chairperson)
Allister Marshall	
Ellen Langford	(Treasurer)
Edith Gilmour	(Secretary)
William Gilmour	

### EXECUTIVE OFFICERS

John Mullholland	(Director)
Catherine Brien	(Depute Director)

### REGISTERED OFFICE

70 Smith Avenue  
Wishaw  
ML2 0LD

### AUDITORS

French Duncan LLP  
Chartered Accountants  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

### BANKERS

Clydesdale Bank Plc  
66 Queen Street  
Glasgow

### SOLICITORS

Harper MacLeod LLP  
The Ca'd'oro  
45 Gordon Street  
Glasgow  
G1 3PE

### Financial Consultants

A.C. Davidson Co.  
Dunskaithe Place  
Glasgow  
G34 0AZ

**REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2016**

The Management Committee presents their report and the Financial Statements for the year ended 31st March 2016

**Legal Status**

The Co-operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2337R (S). The Co-operative is governed under its Rule Book. The Co-operative is a Registered Scottish Charity with the charity number SC045936.

**Principal Activities**

The principal activities of the Co-operative is the management of the Co-operative's principal stock of housing for occupation by members.

**Review of business and future developments**

**Current Year**

The Committee is satisfied with the Co-operative's performance during the year. The surplus for the year was £203,687 (2015: £75,348). The Co-operative's net current assets at 31 March 2016 were £973,648 (2015-£332,220). All figures have been stated (2015- restated) under the new FRS102 accounting format.

**Changes in Fixed Assets**

Details of Fixed Assets are set out in note 11.

**The Future**

The Co-operative plan to continue to provide good quality, affordable accommodation and take advantage of opportunities as they present themselves.

**Management Committee and Executive Officers**

The members of the Management Committee and the Executive Officers are listed on Page 3.

**REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**Statement of Management Committee's responsibilities**

The Co-operative and Community Benefit Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Co-operative and of the surplus or deficit of the Co-operative for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. They are also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Co-operative's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

**REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**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; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Co-operative's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Co-operative's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Co-operative is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Co-operative for the year ended 31 March 2016. 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.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

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**REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (continued)**

**Auditors**

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

**By order of Management Committee**

  
Edith Gilmore

Secretary

20 September 2016

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Co-operative, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Co-operative's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**French Duncan LLP**  
Chartered Accountants  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

27 September 2016



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

We have audited the financial statements of Garrion People's Housing Co-operative Limited for the year ended 31 March 2016 which comprise an income and expenditure account, balance sheet, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

**RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS**

As explained more fully in the Statement of the Management Committee's Responsibilities the Co-operative's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

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

**SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS**

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

**OPINION ON THE FINANCIAL STATEMENTS**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31 March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

We have nothing to report in respect of these matters



**French Duncan LLP**  
Chartered Accountants  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

27 September 2016

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2016 GARRION PEOPLE'S**

	Notes	£	2016 £	£	Restated 2015 £
<b>REVENUE</b>	2.		1,025,654		1,003,583
Operating Costs	2.		(758,856)		(783,880)
<b>OPERATING SURPLUS</b>			<u>266,798</u>		<u>219,703</u>
Gain on Sale of Housing Stock		38,958		5,268	
Interest Receivable and Other Income		940		456	
Interest Payable and Similar Charges	7.	(90,813)		(88,734)	
Other Finance Charges	10.	(9,000)		(14,000)	
			<u>(59,915)</u>		<u>(97,010)</u>
<b>SURPLUS FOR THE YEAR</b>	8.		206,883		122,693
Tax for the year	9.		(3,196)		(47,345)
<b>TOTAL INCOME FOR THE YEAR</b>			<u>203,687</u>		<u>75,348</u>

The notes on pages 15 to 29 form part of these financial statements.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

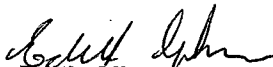
**BALANCE SHEET  
AS AT 31 MARCH 2016**

	Notes	£	2016 £	£	Restated 2015 £
<b>FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11(a)		5,394,043		5,477,102
Other Fixed Assets	11(b)		2,387,963		2,438,890
			7,782,006		7,915,992
<b>CURRENT ASSETS</b>					
Debtors	12	67,562		69,997	
Cash at bank and in hand		1,318,147		762,059	
		1,385,709		832,056	
<b>CREDITORS: Amounts falling due within one year</b>	13	(412,061)		(499,836)	
<b>NET CURRENT ASSETS</b>			973,648		332,220
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS: Amounts falling due after more than one year</b>			8,755,654		8,248,212
Housing Property Loans	14		(3,451,827)		(3,073,406)
Retirement Benefit Scheme Deficit	14		(385,858)		(411,000)
<b>DEFERRED INCOME</b>					
Capital Grant	16		(2,327,762)		(2,377,289)
<b>NET ASSETS</b>			2,590,207		2,386,517
<b>EQUITY</b>					
Share Capital	17		156		153
Revenue Reserves			2,590,051		2,386,517
			2,590,207		2,386,517

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 20 September 2016.



David Cooper  
Chairperson

  
Edith Gilmour  
Secretary

  
Ellen Langford  
Treasurer

The notes on pages 15 to 29 form part of these financial statements.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016		Restated 2015	
		£	£	£	£
<b>Net Cash Inflow from Operating Activities</b>	15		210,641		349,466
<b>Investing Activities</b>					
Acquisition and Construction of Properties		-		-	
Purchase of Other Fixed Assets		-		(7,661)	
Pension Interest Expense		(9,000)		(14,000)	
Change in Pension Assumptions		(7,000)		(45,000)	
Proceeds on Disposal of Properties		61,110		71,102	
<b>Net Cash Inflow from Investing Activities</b>			45,110		4,441
<b>Financing Activities</b>					
Interest Received on Cash and Cash Equivalents		941		456	
Interest Paid on Loans		(90,813)		(88,734)	
Repayments		7,981		3,766	
Movement in long term borrowings		351,421		(95,212)	
Share Capital Issued		3		(3)	
Movement in Pension Liability		34,000		33,000	
<b>Net Cash Inflow/(Outflow) from Financing</b>			303,533		(146,727)
<b>Taxation</b>			(3,196)		(47,345)
<b>Increase/(Decrease) in Cash</b>			556,088		159,835
<b>Opening Cash &amp; Cash Equivalents</b>			762,059		602,224
<b>Closing Cash &amp; Cash Equivalents</b>			1,318,147		762,059

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015	153	2,386,364	2,386,517
Surplus for Year	3	203,687	203,690
<b>Balance as at 31 March 2016</b>	<u>156</u>	<u>2,590,051</u>	<u>2,590,207</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2014	156	2,311,016	2,311,172
Issue of Shares	-	-	-
Cancellation of Shares	(3)	-	(3)
Surplus for Year	-	75,348	75,348
<b>Balance as at 31 March 2015</b>	<u>153</u>	<u>2,386,364</u>	<u>2,386,517</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

**Statement of Compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014. The Co-operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Information on the impact of first-time adoption of FRS 102 is given in note 23.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Co-operative's accounting policies (see below).

The following principal accounting policies have been applied:

**Revenue**

The Co-operative recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure 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 it relates.

**Retirement Benefits**

The Co-operative participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Co-operative are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Co-operatives taken as a whole.

The Co-operative accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Balance Sheet. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

**Valuation of Housing Properties**

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Co-operative depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Boilers	12 years
Bathrooms	20 years
Windows	30 years
Structure	100 years
Kitchens	15 years
Heating Systems	24 years
Roofs	60 years

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

**Depreciation and Impairment of Other Non-Current Assets**

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

Office premises	- 2% straight line
Office furniture & equipment	- 25% straight line

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

**Social Housing Grant and Other Grants in Advance/Arrears**

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

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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

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

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

**Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Co-operative'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, is disclosed below:

*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.

*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.



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

**Leases/Leased Assets**

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

**Works to Existing Properties**

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

**Development Interest**

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

**Key Judgements made in the application of Accounting Policies**

*a) Exemptions taken in the transition to FRS 102*

The Co-operative has considered and taken advantage of the following exemptions in its first time application of FRS 102:

i) The Co-operative has not revisited previous accounting estimates

*b) The Categorisation of Housing Properties*

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

*c) Identification of cash generating units*

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

**Financial Instruments – Basic**

The Co-operative recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

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

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2016			Restated 2015		
		Revenue £	Operating Costs £	Operating Surplus / (Deficit) £	Revenue £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3	927,902	704,246	223,656	907,996	703,017	204,979
Other Activities	4	97,752	54,610	43,142	95,587	80,863	14,724
<b>Total</b>		<u>1,025,654</u>	<u>758,856</u>	<u>266,798</u>	<u>1,003,583</u>	<u>783,880</u>	<u>219,703</u>

# GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS

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

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
<b>Revenue from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	920,347	-	-	920,347	900,559
Service Charges Receivable	-	-	-	-	-
<b>Gross Rents Receivable</b>	920,347	-	-	920,347	900,559
<b>Less: Rent losses from voids</b>	1,951	-	-	1,951	224
<b>Net Rents Receivable</b>	918,396	-	-	918,396	900,335
Amortisation of Social Housing Grants and Other Grants	9,506	-	-	9,506	7,661
Revenue Grants From Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
<b>Total Income From Social Letting</b>	927,902	-	-	927,902	907,996
<b>Expenditure on Social Letting Activities</b>					
Stage 3 costs	8,532	-	-	8,532	7,661
Management and maintenance administration costs	441,096	-	-	441,097	484,440
Reactive Maintenance	154,139	-	-	154,139	104,056
Bad Debts - Rents and Service Charges	5,339	-	-	5,339	2,493
Planned and Cyclical Maintenance, including Major Repairs	34,233	-	-	34,233	33,642
Depreciation of Social Housing	60,907	-	-	60,907	70,725
Impairment of Housing	-	-	-	-	-
<b>Operating Costs of Social Letting</b>	704,246	-	-	704,246	703,017
<b>Operating Surplus on Social Letting Activities</b>	223,656	-	-	223,656	204,979
<b>2015</b>	204,979	-	-	204,979	

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

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

	Grants From Scottish Ministers		Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs		Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£					£	£			
Wider Role Activities	-	-	-	-	-	-	-	-	(1,880)	(1,880)	(1,295)
Contracted out Services undertaken for RSLs	-	-	-	-	40,531	40,531	-	-	(40,531)	-	11,134
Other Activities	-	-	-	-	57,221	57,221	-	-	(12,199)	45,022	4,885
<b>Total From Other Activities</b>	-	-	-	-	97,752	97,752	-	-	(54,610)	43,142	14,724
<b>2015</b>	20,000	-	-	18,309	57,278	95,587	-	-	(80,863)	14,724	

# GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS

#### 5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Co-operative.

No emoluments have been paid to any member of the Management Committee

Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pension contributions)	<u>88,845</u>	<u>-</u>
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Emoluments payable to the Director/Chief Executive (excluding pension contributions)	<u>88,845</u>	<u>-</u>
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Pension contributions paid on behalf of the Director	<u>8,529</u>	<u>-</u>
--	--------------	----------

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

£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	<u>1</u>	<u>1</u>

There was £2,934 paid to board members during the year for reimbursement of expenses (2015-£1,107)

#### 6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>7</u>

The average total number of Employees employed during the year was	<u>6</u>	<u>7</u>
--	----------	----------

Staff Costs were:	£	£
Wages and Salaries	231,628	229,198
Social Security Costs	23,707	26,302
Pension Costs	22,944	56,151
	<u>278,279</u>	<u>311,651</u>

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016	2015
	£	£
On Housing Loans	<u>90,813</u>	<u>88,734</u>

**8. SURPLUS FOR THE YEAR**

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	111,834	121,699
Auditors' Remuneration - Audit Services	8,608	6,451
- Other Services	-	-
Gain on sale of fixed assets	<u>38,958</u>	<u>5,268</u>

**9. TAX ON SURPLUS ON ORDINARY ACTIVITES**

	2016	2015
	£	£
Corporation tax @ 20%	4,057	45,596
Adjustment in respect of previous periods	<u>(792)</u>	<u>1,749</u>
<b>Total current tax</b>	<u>3,265</u>	<u>47,345</u>
Deferred Tax		
Adjustment in respect of previous periods	<u>(69)</u>	<u>-</u>
<b>Total deferred tax</b>	<u>(69)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>3,196</u>	<u>47,345</u>

**10. OTHER FINANCE CHARGES**

	2016	2015
	£	£
Unwinding of discount on pension liabilities	<u>9,000</u>	<u>14,000</u>

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**11. FIXED ASSETS**

a) Housing Properties	Housing Properties Held for Letting	Housing Properties Under Construction	Shared Ownership Properties	Total
	£	£	£	£
<b>COST</b>				
As at 1 April 2015 (restated)	5,547,827	-	-	5,547,827
Additions	-	-	-	-
Disposals	(22,419)	-	-	(22,419)
As at 31 March 2016	5,525,408	-	-	5,525,408
<b>DEPRECIATION</b>				
As at 1 April 2015 (restated)	70,725	-	-	70,725
Charge for Year	60,907	-	-	60,907
Disposals	(267)	-	-	(267)
As at 31 March 2016	131,365	-	-	131,365
<b>NET BOOK VALUE</b>				
As at 31 March 2016	5,394,043	-	-	5,394,043
As at 31 March 2015	5,477,102	-	-	5,477,102

Additions to housing properties includes capitalised development administration costs of £Nil (2015 - £Nil) and capitalised major repair costs to existing properties of £Nil (2015 - £Nil).

All land and housing properties are heritable.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**11.FIXED ASSETS** (Continued.)

**b) Other Tangible Assets**

	<b>Community Hub £</b>	<b>Office Equipment</b>	<b>Total £</b>
<b>COST</b>			
As at 1 April 2015	2,546,349	67,737	2,614,086
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2016	<u>2,546,349</u>	<u>67,737</u>	<u>2,614,086</u>
 <b>DEPRECIATION</b>			
As at 1 April 2015	107,460	67,736	175,196
Charge for Year	50,927	-	50,927
Disposals	-	-	-
As at 31 March 2016	<u>158,387</u>	<u>67,736</u>	<u>226,123</u>
 <b>NET BOOK VALUE</b>			
As at 31 March 2016	<u>2,387,962</u>	<u>1</u>	<u>2,387,963</u>
As at 31 March 2015	<u>2,438,889</u>	<u>1</u>	<u>2,438,890</u>

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**12. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Arrears of Rent and Service Charges	34,480	31,282
Less: Provision for Doubtful Debts	<u>(864)</u>	<u>(864)</u>
	33,616	30,418
Other Debtors	<u>33,946</u>	<u>39,579</u>
	<u>67,562</u>	<u>69,997</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>As restated 2015</b>
	<b>£</b>	<b>£</b>
Housing Loans	95,540	87,559
Trade Creditors	32,311	59,087
Rent in Advance	36,487	34,723
Other Taxation and Social Security	10,439	53,384
Other Creditors	169,579	201,716
Liability for Past Service Contributions	32,142	34,000
Accruals and Deferred Income	35,563	29,367
	<u>412,061</u>	<u>499,836</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2016</b>	<b>As restated 2015</b>
	<b>£</b>	<b>£</b>
Liability for Past Service Contribution Arrangements	385,858	411,000
Housing Loans	3,451,827	3,073,406
	<u>3,837,685</u>	<u>3,484,406</u>

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

Loans are secured by a standard security held over the Co-operative's properties. Loans are repayable at current rates of interest ranging from 4.34% to 6.44% (2015 – 4.34% to 6.44%).



**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**15. STATEMENT OF CASH FLOWS**

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	<b>2016</b>	<b>As restated 2015</b>
	£	£
Operating Surplus	266,798	219,703
Depreciation	111,834	121,699
Amortisation of capital grant	(49,527)	(49,527)
Change in Debtors	2,435	20,838
Change in Creditors	(93,899)	24,753
Pension contribution	(27,000)	12,000
	<u>210,641</u>	<u>349,466</u>

**16. DEFERRED INCOME**

	<b>2016</b>	<b>As restated 2015</b>
	£	£
<i>Capital Grant</i>		
Balance as at 1 <sup>st</sup> April 2015	2,377,289	2,426,816
Amortisation of capital grant	(49,527)	(49,527)
	<u>2,327,762</u>	<u>2,377,289</u>

**17. SHARE CAPITAL**

<b>Shares of £1 each Issued and Fully Paid</b>	£	£
At 1 April 2015	153	156
Issued in year	4	5
Cancelled in year	(1)	(8)
	<u>156</u>	<u>153</u>
At 31 March 2016		

The Association's shares carry no rights to a dividend or other distributions and are not repayable.

**18. HOUSING STOCK**

The number of units of accommodation in management at the year end was:-	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
General Needs	227	228
Supported Housing	28	28
	<u>255</u>	<u>256</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

**19. RELATED PARTY TRANSACTIONS**

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

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

- 12 Members are tenants of the Association

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position to their advantage.

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

Transactions with Management Committee members were as follows:

Rent Received from Tenants on the Committee	£ 37,152
Factoring Charges received from owners on the Committee	-

- At the year end total rent arrears owed by the tenant members of the Committee were £98.

**20. DETAILS OF CO-OPERATIVE**

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

The Co-operative's principal place of business is 70 Smith Avenue, Wishaw, ML2 0LD.

The Co-operative is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Wishaw.

**21. RETIREMENT BENEFIT OBLIGATIONS**

**General**

Garrion People's Housing Co-operative Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m, (equivalent to a past service funding level of 62.2%)

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

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

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £418,000 (2015 - £445,000) This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.29%

The Co-operative made payments totalling £22,943 (2015: £58,151) to the pension scheme during the year.

## GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

#### NOTES TO THE FINANCIAL STATEMENTS

#### 22. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Co-operative has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting year beginning on 1 April 2015. As a result of this the comparative figures for the year ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

#### 23. PRIOR YEAR ADJUSTMENTS

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting year ending 31 March 2015.

#### Reconciliation of Capital & Reserves

Note	At 1 April 2014		Effect of Transition		At 31 March 2015	
	As previously stated	Effect of Transition	As previously stated	Effect of Transition	(As Restated)	(As Restated)
	£	£	£	£	£	£
Non-Current Assets	(I) 4,787,040	3,310,224	8,097,264	2,316,316	7,915,992	7,915,992
Current Assets	693,059	-	693,059	-	832,056	832,056
Current liabilities	(II) (437,317)	(33,000)	(470,317)	(34,000)	(499,836)	(499,836)
Non Current Liabilities	(II)(I) (3,180,618)	(2,828,216)	(6,008,834)	(2,788,289)	(5,861,695)	(5,861,695)
	1,862,164	449,008	2,311,172	(505,973)	2,386,517	2,386,517
<b>Capital &amp; Reserves</b>	<b>1,862,164</b>	<b>449,008</b>	<b>2,311,172</b>	<b>(505,973)</b>	<b>2,386,517</b>	<b>2,386,517</b>

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016  
NOTES TO THE FINANCIAL STATEMENTS**

**23. PRIOR YEAR ADJUSTMENTS (continued)**

	Note	As previously Stated	Reconciliation of Retained Surpluses for the Year Year Ended 31 March 2015	FRS 102 (As Restated)
		£	Effect of Transition £	£
Revenue		1,003,583	-	1,003,583
Operating Costs	(I)(II)	(748,552)	(35,328)	(783,880)
Other income		5,268	-	5,268
Interest receivable		456	-	456
Interest payable and similar income		(88,734)	-	(88,734)
Other Financial Charges	(III)	-	(14,000)	(14,000)
Tax		(47,345)	-	(47,345)
Surplus		124,676	(49,328)	75,348

Notes to the reconciliation

- I. A revaluation was carried out at 1 April 2016 and the EUV-SH has been adopted as the "Deemed Cost". Accordingly the Social Housing Grant has been written off and the corresponding Historical Cost has similarly been written down.
- II. The Association has entered into an agreement to make contributions to fund a deficit in the SHAPS Pension Scheme. This has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.
- III. The liability recognised as a result of (II) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 PARA 28 13A.
- IV. In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. An adjustment is included in operating costs and accruals.