

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

CONTENTS

	Page.
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	3
REPORT FROM THE MANAGEMENT COMMITTEE	4
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	8
REPORT OF THE AUDITORS	9
INCOME AND EXPENDITURE ACCOUNT	11
BALANCE SHEET	12
STATEMENT OF CASH FLOWS	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE FINANCIAL STATEMENTS	15

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

MEMBERS OF THE MANAGEMENT COMMITTEE

Elizabeth Cooper	(Chairperson)	
David Cooper	(Vice Chairperson)	
Edith Gilmour	(Secretary)	
Heather Laing	(Treasurer)	
Patryk Topolski		
Colette Rooney		
William Gilmour		(Deceased May 2017)
Fiona Shearer		
Vicky Cowie		
Alexander Rhymer		(Resigned 15 November 2017)
Anne Gilmour		
Alicia Velasquez		(Co-opted 31 January 2017)

EXECUTIVE OFFICERS

John Mulholland	(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
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

FINANCIAL CONSULTANTS

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

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

REPORT FROM THE MANAGEMENT COMMITTEE

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

Legal Status

The Co-Operative is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 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 activity of the Co-Operative is the management of the Co-Operative's principle 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, before the pension re-measurement and tax was £164,879 (2016 - £206,883). The Co-Operative's net current assets at 31 March 2017 were £928,139 (2016- £973,647).

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.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

REPORT FROM THE MANAGEMENT COMMITTEE (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.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

REPORT FROM THE MANAGEMENT COMMITTEE (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 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 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 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.


**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

REPORT FROM THE MANAGEMENT COMMITTEE (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 Gilmour
Secretary**

Date: 20/09/2017

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**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

Date: 20/09/2017

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**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 2017 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 Section 87 of 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 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

**GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association 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 Association.
- 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

Date: 20/09/2017

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

INCOME AND EXPENDITURE ACCOUNT

	Notes	2017 £	2016 £
REVENUE	2.	1,075,693	1,025,654
Operating Costs	2.	(817,679)	(758,856)
OPERATING SURPLUS		258,014	266,798
Gain on Sale of Housing Stock		11,631	38,958
Interest Receivable and Other Income		852	940
Interest Payable and Similar Charges	7.	(96,618)	(90,813)
Other Finance Charges	10.	(9,000)	(9,000)
		(93,135)	(59,915)
SURPLUS FOR THE YEAR	8.	164,879	206,883
Tax charge	9.	-	(3,196)
OTHER COMPREHENSIVE INCOME			
Pension remeasurement	21.	219,000	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		383,879	203,687

The notes on pages 15 to 28 form part of these financial statements.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

BALANCE SHEET

	Notes	2017	2016
		£	£
FIXED ASSETS			
Housing Properties - Depreciated Cost	11.(a)	5,437,409	5,394,043
Other Fixed Assets	11.(b)	2,348,832	2,387,963
Investment		1	1
		<u>7,786,242</u>	<u>7,782,007</u>
CURRENT ASSETS			
Debtors	12.	64,928	67,561
Cash at bank and in hand		1,259,927	1,318,147
		<u>1,324,855</u>	<u>1,385,708</u>
CREDITORS: Amounts falling due within one year	13.	(396,716)	(412,061)
NET CURRENT ASSETS		<u>928,139</u>	<u>973,647</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,714,381</u>	<u>8,755,654</u>
CREDITORS: Amounts falling due after more than one year			
Housing Property Loans	14.	(3,323,004)	(3,451,827)
Retirement Benefit Scheme Deficit	14.	(139,129)	(385,858)
Deferred Capital Grant	16.	(2,278,242)	(2,327,762)
NET ASSETS		<u>2,974,006</u>	<u>2,590,207</u>
EQUITY			
Share Capital	17.	76	156
Revenue Reserves		2,973,930	2,590,051
		<u>2,974,006</u>	<u>2,590,207</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 20 September 2017.

Elizabeth Cooper

Elizabeth Cooper
Chairperson

Edith Gilmour

Edith Gilmour
Secretary

Heather Laing

Heather Laing
Treasurer

The notes on pages 15 to 28 form part of these financial statements.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF CASH FLOWS

	Notes	2017		2016	
		£	£	£	£
Net Cash Inflow from Operating Activities	15.		280,150		210,641
Investing Activities					
Acquisition and Construction of Properties		(167,532)		-	
Interest received		852		941	
Pension interest expense				(9,000)	
Change in pension assumptions				(7,000)	
Proceeds on Disposal of Properties		49,123		61,110	
Net Cash (Outflow)/Inflow from Investing Activities			(117,557)		56,051
Financing Activities					
Interest Paid		(96,618)		(90,813)	
Movement in short term borrowings		4,628		7,981	
Movement in long-term borrowings		(128,825)		351,421	
Share Capital Issued		2		3	
Movement in pension liability		-		34,000	
Net Cash (Outflow)/Inflow from Financing			(220,813)		303,533
Taxation			-		(3,196)
(Decrease)/Increase in Cash			(58,220)		556,088
Opening Cash & Cash Equivalents			1,318,147		762,059
Closing Cash & Cash Equivalents			<u>1,259,927</u>		<u>1,318,147</u>

The notes on pages 15 to 28 form part of these financial statements.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2016	156	2,590,051	2,590,207
Issue of Shares	2	-	2
Cancellation of Shares	(82)	-	(82)
Surplus for Year	-	164,879	164,879
Pension deficit adjustment	-	219,000	219,000
Balance as at 31 March 2017	<u>76</u>	<u>2,973,930</u>	<u>2,974,006</u>

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

The notes on pages 15 to 28 form part of these financial statements.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

The Co-Operative is incorporated under the Co-operation and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Co-Operative is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102

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.

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:

Going Concern

The Management Committee have assessed the Co-Operative's ability to continue as a going concern and have reasonable expectations that the Co-Operative has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

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 Associations 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.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

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>
Land	Not depreciated
Structure	100 years
Boilers	12 years
Bathrooms	20 years
Windows	30 years
Kitchens	15 years
Heating Systems	24 years
Roofs	60 years

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 and 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.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

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.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Financial Instruments – Basic

The Co-Operative only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

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	2017			2016		
		Revenue	Operating Costs	Operating Surplus / (Deficit)	Revenue	Operating Costs	Operating Surplus / (Deficit)
Social Lettings	3.	985,062	(755,895)	229,167	927,902	(704,246)	223,656
Other Activities	4.	90,631	(61,784)	28,847	97,752	(54,610)	43,142
Total		<u>1,075,693</u>	<u>(817,679)</u>	<u>258,014</u>	<u>1,025,654</u>	<u>(758,856)</u>	<u>266,798</u>

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	2017 Total £	2016 Total £
Revenue from Lettings			
Rent Receivable Net of Identifiable Service Charges	927,653	927,653	920,347
Gross Rents Receivable	927,653	927,653	920,347
Less: Rent losses from voids	-		(1,951)
Net Rents Receivable	927,653	927,571	918,396
Amortisation of Social Housing Grant and other Grants	7,889	7,889	9,506
Amortisation of deferred capital grant	49,520	49,520	-
Total Income From Social Letting	985,062	985,062	927,902
Expenditure on Social Letting Activities			
Stage 3 costs	7,172	7,172	8,532
Management and maintenance administration costs	515,654	515,654	441,097
Reactive Maintenance	120,707	120,707	154,139
Bad Debts - Rents and Service Charges	6,586	6,586	5,339
Planned and Cyclical Maintenance, including Major Repairs	36,710	36,710	34,233
Depreciation of Social Housing	69,066	69,066	60,906
Operating Costs of Social Letting	755,895	755,895	704,246
Operating Surplus on Social Letting Activities	229,167	229,167	223,656
2016	223,656	223,656	

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Grants From Scottish Ministers		Other Revenue Grants		Supporting People Income		Other Income		Total Turnover		Operating Costs		Operating Costs		Operating Surplus / (Deficit)	
	£	£	£	£	£	£	£	£	£	£	Bad Debts	Other	£	£	2017	2016
Wider Role Activities	-	-	-	-	-	-	-	-	-	-	-	(3,058)	(3,058)	(3,058)	(3,058)	(1,880)
Contracted out services undertaken for RSL's	-	-	-	-	-	-	32,694	-	32,694	32,694	-	(32,694)	(32,694)	-	-	-
Other activities	-	-	-	-	-	-	57,937	-	57,937	57,937	-	(26,032)	(26,032)	31,905	45,022	45,022
Total From Other Activities	-	-	-	-	-	-	90,631	-	90,631	90,631	-	(61,784)	(61,784)	28,847	43,142	43,142
2016	-	-	-	-	-	-	97,752	-	97,752	97,752	-	(54,610)	(54,610)	43,142	43,142	43,142

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

2017 **2016**
 £ £

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)	90,137	88,845
	<u> </u>	<u> </u>

Emoluments payable to the Director/Chief Executive (excluding pension contributions)	90,137	88,845
	<u> </u>	<u> </u>

Pension contributions paid on behalf of the Director	7,509	8,529
	<u> </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	-	1
Over £90,000	1	-
	<u> </u>	<u> </u>

During the year £1,832 (2016 - £2,934) was paid to board members during the year for reimbursement of expenses.

6. EMPLOYEE INFORMATION

2017 **2016**

No. **No.**

The average monthly number of full time equivalent persons employed during the year was

6 6

The average total number of Employees employed during the year was

 6 6

Staff Costs were:

Wages and Salaries	256,542	231,628
Social Security Costs	23,899	23,707
Pension Costs	20,793	22,944
	<u> </u>	<u> </u>
	301,234	278,279
	<u> </u>	<u> </u>

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans and Overdrafts	<u>96,618</u>	<u>90,813</u>

8. SURPLUS FOR THE YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	125,805	111,834
Auditors' Remuneration	5,900	8,608
Gain on sale of fixed assets	<u>11,631</u>	<u>38,958</u>

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Co-Operative is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

10. OTHER FINANCE CHARGES

	2017	2016
	£	£
Unwinding of discount on pension liabilities	<u>9,000</u>	<u>9,000</u>

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1 April 2016	5,525,408	5,525,408
Additions	149,924	149,924
Disposals	(40,141)	(40,141)
As at 31 March 2017	5,635,191	5,635,191
DEPRECIATION		
As at 1 April 2016	131,365	131,365
Charge for Year	69,066	69,066
Disposals	(2,649)	(2,649)
As at 31 March 2017	197,782	197,782
NET BOOK VALUE		
As at 31 March 2017	5,437,409	5,437,409
As at 31 March 2016	5,394,043	5,394,043

Additions to housing properties includes capitalised development administration costs of £Nil (2016 - £Nil) and capitalised major repair costs to existing properties of £149,924 (2016 - £Nil).

All land and housing properties are heritable.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FIXED ASSETS (Continued.)

b) Other Tangible Assets	Community Hub £	Office Equipment £	Total £
COST			
As at 1 April 2016	2,546,349	67,737	2,614,086
Additions	-	17,608	17,608
As at 31 March 2017	2,546,349	85,345	2,631,694
DEPRECIATION			
As at 1 April 2016	158,387	67,736	226,123
Charge for Year	50,927	5,812	56,739
As at 31 March 2017	209,314	73,548	282,862
NET BOOK VALUE			
As at 31 March 2017	2,337,035	11,797	2,348,832
As at 31 March 2016	2,387,962	1	2,387,963

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. RECEIVABLES

	2017	2016
	£	£
Arrears of Rent & Service Charges	33,523	34,480
Less: Provision for Doubtful Debts	(864)	(864)
	<u>32,659</u>	<u>33,616</u>
Other Receivables	32,269	33,945
	<u>64,928</u>	<u>67,561</u>

13. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	100,168	95,540
Trade Payables	12,301	32,311
Rent in Advance	40,854	36,487
Other Taxation and Social Security	10,111	10,439
Other Payables	169,579	169,579
Accruals and Deferred Income	29,832	35,563
Liability for Past Service Contribution arrangements	33,871	32,142
	<u>396,716</u>	<u>412,061</u>

14. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contribution Arrangements	139,129	385,858
Housing Loans	<u>3,323,004</u>	<u>3,451,827</u>
	<u>3,462,133</u>	<u>3,837,685</u>

All of the Co-Operative's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans. Loans are secured by specific charges on the Association's properties. Loans are repayable in instalments as follows:

	2017	2016
	£	£
Between one and two years	105,852	100,959
Between two and five years	355,094	338,658
In five years or more	<u>2,862,058</u>	<u>3,012,210</u>
	<u>3,323,004</u>	<u>3,451,827</u>

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow from operating activities

	2017	2016
	£	£
Operating surplus	258,014	266,798
Depreciation	125,804	111,834
Amortisation of capital grant	(49,520)	(49,527)
Change in debtors	2,634	2,435
Change in creditors	(21,700)	(93,899)
Pension contribution	(35,000)	(27,000)
Shares cancelled	(82)	-
Net cash inflow from operating activities	<u>280,150</u>	<u>210,641</u>

16. DEFERRED INCOME

	2017	2016
	£	£
<i>Capital Grant</i>		
Balance as at 1 st April 2016	2,327,762	2,377,289
Amortisation of capital grant	(49,520)	(49,527)
Balance as at 31 st March 2017	<u>2,278,242</u>	<u>2,327,762</u>

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1 April 2016	156
Issued in year	2
Cancelled in year	(82)
At 31 March 2017	<u>76</u>

The Co-Operative'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:-	2017	2016
	No.	No.
General Needs	226	227
Shared Ownership	28	28
Supported Housing	-	-
	<u>254</u>	<u>255</u>

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. RELATED PARTY TRANSACTIONS

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

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

- 9 Members are tenants of the Co-Operative
- No members are factored owners
- Those members that are tenants of the Co-Operative have tenancies that are on the Co-Operative's normal tenancy terms and they cannot use their position to their advantage.
- Governing Body members cannot use their position to their advantage. Any transactions between the Co-Operative and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Governing Body members were as follows:

Rent Received from Tenants on the Committee	£ 26,203
---------------------------------------------	-------------

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

20. DETAILS OF ASSOCIATION

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

The Co-Operative participates in the Scottish Housing Association Pension Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027: £26,304,000 per annum (payable monthly, increasing by 3% each 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022: £25,735,092 per annum (payable monthly, increasing by 3% each 1st April)

From 1 April 2017 to 30 June 2025: £727,217 per annum (payable monthly, increasing by 3% each 1st April)

From 1 April 2017 to 31 October 2026: £1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2016. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £810m and indicated an increase in the shortfall of assets compared to liabilities to approximately £210m, equivalent to a past service funding level of 79%.

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 employers. 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 £173,000 (2016 - £418,000). 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%.

	2017	2016
	£	£
Provision at start of period	418,000	445,000
Unwinding of the discount factor (interest expenses)	9,000	9,000
Deficit contribution paid	(35,000)	(34,000)
Remeasurements – impact of any change in assumption	5,000	(2,000)
Remeasurements – amendments to the contribution schedule	(224,000)	
Provision at end of period	<u>173,000</u>	<u>418,000</u>

The Co-Operative made payments totalling £63,756 (2016: £66,508) to the pension scheme during the year.