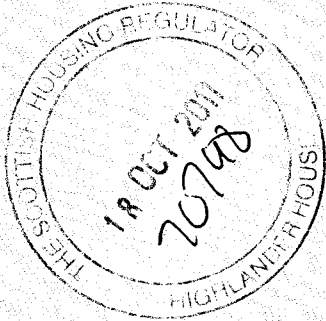


GARRION PEOPLES HOUSING CO-OPERATIVE LIMITED



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Register of Friendly Societies No. 2337R

Registered Housing Association No. HAC 226

FRENCH DUNCAN LLP

Chartered Accountants
375 West George Street
Glasgow
G2 4LW

GARRION PEOPLES HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

Committee of Management

David Cooper	(Chairperson)
Lynne McLean	(Vice Chairperson)
Lucille Mullen	(Secretary)
Elizabeth Cooper	(Treasurer)
James Deas	
William Gilmour	(resigned September 2010)
Marion Cathcart	(resigned September 2010)
Frank Johnston	
Elizabeth Baillie	
Edith Gilmour	(resigned September 2010)
Zeishan Nazar	
Allister Marshall	
Colette Rooney	(appointed September 2010)

Executive Officer

John Mulholland (**Director**)

Registered Office

70 Smith Avenue
Wishaw
ML2 0LD

Auditors

French Duncan LLP
375 West George Street
Glasgow
G2 4LW

Bankers

Clydesdale Bank plc
66 Queen Street
Glasgow

Dunfermline Building Society
Caledonia House, Carnegie Avenue
Dunfermline

Solicitors

Harper McLeod
The Ca'd'oro
45 Gordon St
Glasgow
G1 3PE

Financial Consultants

A.C. Davidson & Co.
Dunskaithe Place
Glasgow
G34 OAZ

REPORT OF THE MANAGEMENT COMMITTEE**FOR THE YEAR ENDED 31 MARCH 2011**

The Management Committee presents its Report and the Audited Financial Statements for the year ended 31 March 2011.

Legal Status

The Co-Operative is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965. No 2337R. The Co-Operative is constituted under its rule book.

Principal Activities

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

Results

The members of the Management Committee are of the opinion that the state of affairs of the Co-Operative is satisfactory. The surplus for the year after taxation was £56,089 (2010 – Surplus £47,041). A transfer to the designated reserves was made of £50,000 (2010 – £90,000). Net Assets now total £2,083,045 (2010 - £2,026,960) after a decrease in the revaluation reserve of £12,266.

Changes in Fixed Assets

Details of Fixed Assets are set out in Note 11.

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on page 1.

Statement of Management Committee's Responsibilities

The Management Committee are responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute 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 fulfil the following obligations:

- 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 the 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 accounts comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. 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.

The Management Committee confirms that the financial statements comply with the above requirements.

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

In so far as the Management Committee are aware

- there is no relevant audit information 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 Co-Operative's auditors are aware of that information.

Related Party Transactions

Several members of the Management Committee are tenants. Their tenancies are on the Co-Operative's normal tenancy terms and they cannot use their positions to their advantage.

Raising Standards Guidance on Internal Financial Control and Financial Reporting

The Co-Operative considers that it has complied with "Raising Standards" guidance on "Internal Financial Control and Financial Reporting" contained within "Raising Standards in Housing", published by the Scottish Federation of Housing Associations and endorsed by the Scottish Housing Regulator.

Internal Financial Control

The Management Committee has overall responsibility for the Co-Operative's system of internal financial control and recognise that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

To discharge this responsibility, the Management Committee will continue to establish an organisational structure with clearly defined levels of responsibility and authority and with appropriate reporting procedures. Included within these key procedures will be the following internal financial controls:

- the formulation of policies and approval procedures in the areas such as compliance, investment and treasury operations and capital expenditure;
- a comprehensive system of budgeting, planning and financial reporting;
- formal business risk reviews by management which consider the potential effects of risk and identify potential new risk;
- internal audit reviews of the controls and processes from which formal reports are prepared;
- the Management Committee considers significant control issues and receives regular reports from both the internal and external auditors; and
- external auditors report on any weaknesses in internal financial control identified during the course of their audits. These reports, together with the replies from management and details of measures taken as a consequence are reviewed by the Management Committee.

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

Auditors' Review

In addition to their audit of the financial statements, our auditors have reviewed the Management Committee's statement concerning the Co-Operative's compliance with the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting". Their report is set out on page 6.

Auditors

A resolution to re-appoint French Duncan LLP, Chartered Accountants, Glasgow, as auditors will be put to the members at the Annual General Meeting.

By Order of the Management Committee

L. Mullen

Lucille Mullen

6 September 2011

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

GARRION PEOPLES HOUSING CO-OPERATIVE LIMITED

We have audited the Financial Statements of Garrion People's Housing Association Ltd for the year ended 31 March 2011 on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Co-Operative's members as a body, in accordance with Section 9 of the Friendly and Industrial Provident Societies Act 1968. 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 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.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Committee's Responsibilities Statement set out on page 2, the Committee is responsible for the preparation of the financial statements and for being satisfied that they 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion, the Financial Statements,

- give a true and fair view of the state of the Co-Operatives's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing Scotland Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters arising on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Co-Operative has not kept proper accounting records; or
- the financial statements 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.

French Duncan LLP

FRENCH DUNCAN LLP
Chartered Accountants
Statutory Auditor
375 West George Street
Glasgow
G2 4LW

11/03/11

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE MATTERS**Corporate Governance**

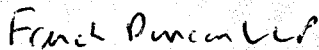
In addition to our audit of the Financial Statements, we have reviewed your Statement on page 4 concerning the Co-Operative's compliance with the disclosure required by the Scottish Federation of Housing Associations - "Raising Standards" guidance on "Internal financial control and financial reporting".

Basis of Opinion

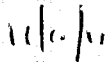
We carried out our review having regard to Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-Operative's procedures nor ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given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

Opinion

In our opinion the statement on internal financial controls on pages 4 has provided the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting", and is consistent with the information which came to our attention as a result of our audit work on the financial statements.



FRENCH DUNCAN LLP
Chartered Accountants
Statutory Auditor
375 West George Street
Glasgow
G2 4LW



INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
TURNOVER	2	1,044,871	1,037,946
Operating costs	2	<u>(790,624)</u>	<u>(813,826)</u>
OPERATING SURPLUS	7	254,247	224,120
Loss on disposal of housing		(21,908)	(7,995)
Interest receivable and other income	8	502	653
Interest payable	9	<u>(181,511)</u>	<u>(161,769)</u>
TOTAL SURPLUS FOR YEAR BEFORE TAXATION		51,330	55,009
Tax on surplus on ordinary activities	10	<u>4,759</u>	<u>(7,968)</u>
SURPLUS FOR YEAR		<u><u>56,089</u></u>	<u><u>47,041</u></u>

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
Surplus for year attributable to shareholders	56,089	47,041
Transfer from revaluation reserve	12,266	47,388
Unrealised profit on revalued properties	-	(407,737)
Total surpluses and deficits recognised since the last annual report	<u>68,355</u>	<u>(313,308)</u>

BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 £	2010 £
TANGIBLE FIXED ASSETS			
Housing properties	11	16,508,710	16,375,816
Less: Social Housing, Other Grants and Depreciation		(11,317,284)	(11,265,460)
		5,191,426	5,110,356
Other	12	1	340
		5,191,427	5,110,696
INVESTMENTS			
		1	1
CURRENT ASSETS			
Debtors	13	2,400,364	2,492,151
Cash at bank and in hand		907,031	912,589
		3,307,395	3,404,740
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	14	(3,161,656)	(3,250,601)
NET CURRENT ASSETS			
		145,739	154,139
TOTAL ASSETS LESS CURRENT LIABILITIES			
		5,337,167	5,264,836
Creditors: Amounts falling due after one year	15	(3,254,122)	(3,237,876)
		2,083,045	2,026,960
CAPITAL AND RESERVES			
Called up Share capital	16	154	158
Designated reserves	17	552,944	502,944
Revaluation reserve	18	1,250,397	1,262,663
Revenue reserves	19	279,550	261,195
		2,083,045	2,026,960

The Financial Statements were approved by the Management Committee and signed on its behalf by:-

David Cooper CHAIRPERSON
David Cooper

Lucille Mullen SECRETARY
Lucille Mullen

Elizabeth Cooper TREASURER
Elizabeth Cooper

6 September 2011

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	<u>341,868</u>	<u>880,430</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		502	653
Interest paid		<u>(181,511)</u>	<u>(161,769)</u>
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(181,009)</u>	<u>(161,116)</u>
TAXATION			
Tax paid		-	(8,057)
Grant Received		<u>-</u>	<u>-</u>
		<u>-</u>	<u>(8,057)</u>
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchase of housing		(176,199)	(1,907,271)
Cash paid for purchase of other fixed assets		(1,509,759)	(450,213)
Social Housing Grant received		19,677	916,504
Other capital grants		1,509,759	450,213
Net proceeds on disposal of housing properties		1,877	25,447
Proceeds on disposal of other fixed assets		<u>-</u>	<u>-</u>
		<u>(154,645)</u>	<u>(965,320)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>6,214</u>	<u>(254,063)</u>
FINANCING			
Loan finance received		-	700,000
Loans repaid		21,423	(52,082)
Shares issued		<u>9</u>	<u>47</u>
		<u>21,432</u>	<u>647,965</u>
INCREASE IN CASH	22	<u>27,646</u>	<u>393,902</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

The Co-Operative is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965.

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice 2008 and comply with the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007.

The principal accounting policies are set out below.

a) Basis of accounting

The financial statements are prepared on the historical cost basis modified to include the revaluation of properties.

b) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from Scottish Homes, Local Authorities and other agencies.

c) Social Housing Grant (SHG)

Where Social Housing Grant (SHG) or other capital grant has been received towards the cost of developments, the cost of these developments has been reduced by the amount of grant receivable. This amount is shown separately on the balance sheet. Where SHG has been received in respect of revenue expenditure, it is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant or other revenue 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 the sale.

d) Scottish Government New Supplied Shared Equity (NSSE)

The Co-operative sells properties under the NSSE scheme. Under this scheme buyers purchase a majority share of the property with the balance funded by Scottish Government grants. The fixed asset investment represents the total of the loans receivable from purchasers of the property when the equity is released. There is an equal and opposite liability to the Scottish Government amounting to any shared equity release.

e) Tangible Fixed Assets - Housing Properties

Housing properties are stated at cost less Social Housing Grant and other grants and adjusted for property revaluations at the stated dates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

f) Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at annual rates of 1% excluding land costs.

Depreciation on office refurbishment, fixtures, fittings and equipment has been charged at rates estimated to write off the cost less residual value over their estimated useful lives as follows:

Housing Properties	-	1% straight line
Office Equipment	-	20% straight line
Furniture & Fittings	-	10% straight line
Computer Equipment	-	33% straight line
Motor Vehicles	-	25% straight line

g) Capitalisation of Interest

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

h) Development Administration

Development administration costs relating to development activities are capitalised based on the time spent by staff on this activity.

i) Cyclical and Major Repairs

The costs of cyclical and major repairs are charged to the Income and Expenditure Account in the year in which they are incurred.

j) Designated Reserves

Cyclical Maintenance Reserve

The reserve is based on the Co-Operative's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

Major Repairs

The Co-Operative maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure on the basis of a costed programme.

k) Pensions

The Co-Operative participates in the centralised SFHA Pension Scheme administered by the Pension Trust for charities and voluntary organisations. 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. Scheme costs are spread over the average remaining service lives of the employees. Any deficiencies arising will be spread over this period.

l) Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

m) Mortgages

Mortgage loans are advanced by Private Lenders, Local Authorities or the Scottish Government under the terms of individual mortgage deeds in respect of those developments which have been given approval by the Scottish Government.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT) FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other (describe) £	2011 Total £	2010 Total £
Rent receivable net of service charges	674,490	88,733	1,418	-	764,641	688,125
Service charges	-	-	-	-	-	-
Gross income from rents and service charges	674,490	88,733	1,418	-	764,641	688,125
Less Voids	(238)	-	-	-	(238)	(1,935)
Net income from rents and service charges	674,252	88,733	1,418	-	764,403	686,190
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	674,252	88,733	1,418	-	764,403	686,190
Management and maintenance administration costs	261,850	88,733	1,418	-	352,001	314,683
Service costs	-	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	20,979	-	-	-	20,979	16,026
Reactive maintenance costs	90,652	-	-	-	90,652	90,691
Bad debts - rents and service charges	3,068	-	-	-	3,068	3,317
Depreciation of social housing	51,667	-	-	-	51,667	50,890
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	428,216	88,733	1,418	-	518,367	475,607
Operating surplus/(deficit) for social lettings	246,036	-	-	-	246,036	210,583
Operating surplus/(deficit) for social letting for previous period of account	210,583	-	-	-	210,583	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

4. PARTICULARS OF TURNOVER, 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 - bad debts £	Other operating costs £	Operating surplus or deficit £	Operating surplus or deficit for previous period of account £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	1,805	(1,805)	(517)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	46,452	-	46,452	-	46,452	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	10,000	10,000	-	-	10,000	14,000
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	224,000	224,000	-	224,000	-	-
Other activities - Forfeited shares	-	-	-	16	16	-	-	16	54
Total from other activities	-	-	46,452	234,016	280,468	-	272,257	8,211	13,537
Total from other activities for the previous period of account	-	-	46,452	305,304	351,756	-	338,219	13,537	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

5. DIRECTORS' EMOLUMENTS

The Management Committee are all classed as Directors of the Association. All perform their duties on a voluntary basis and have no emoluments from the Association. In addition the director and any other person who reports directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year is also similarly classed.

	2011 £	2010 £
Total Emoluments (including pension contributions and benefits in kind)	<u>88,497</u>	<u>86,616</u>
Emoluments of highest paid director (excluding pension contributions)	<u>77,878</u>	<u>76,403</u>
	Number	Number
Greater than £60,000	<u>1</u>	<u>1</u>

The highest paid director is an ordinary member of the Co-Operative's pension scheme described in note 23. No enhanced or special terms apply to memberships and there are no other pension arrangements to which the Co-Operative contribute. The Association's contributions for the director in the year amounted to £10,619 (2010 - £10,213).

	£	£
Total expenses re-imbursed insofar as not chargeable to income tax		
Management Committee	<u>1,757</u>	<u>1,847</u>

Re-imburement is only made for expenses directly incurred in connection with performing the Association's business.

6. EMPLOYEES

	Number	Number
The average full time equivalent weekly numbers of persons employed during the year was:	<u>8</u>	<u>8</u>
Staff Costs:		
	£	£
Wages and Salaries	254,329	245,901
Social Security Costs	22,485	21,327
Pension Contributions	<u>29,360</u>	<u>30,256</u>
	<u>306,174</u>	<u>297,484</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

7. OPERATING SURPLUS

	2011 £	2010 £
--	-----------	-----------

Operating surplus is stated after charging:-

Depreciation	52,006	52,090
Auditors Remuneration - Audit Services	6,937	5,659
- other services	-	-
	<u>58,943</u>	<u>57,749</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest Receivable	<u>502</u>	<u>653</u>
---------------------	------------	------------

9. INTEREST PAYABLE

On Bank Loans and Overdrafts	<u>181,511</u>	<u>161,769</u>
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10. TAXATION

Corporation Tax @ 21%	-	4,759
Over provision in respect of prior years	(4,759)	3,209
	<u>(4,759)</u>	<u>7,968</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

11. TANGIBLE FIXED ASSETS

	Properties Held for Letting £	Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost or Valuation				
At 1 April 2010	16,245,900	-	129,916	16,375,816
Transfer of properties under construction	-	-	-	-
Additions	176,199	-	-	176,199
Disposals	-	-	(43,305)	(43,305)
Revaluation	-	-	-	-
At 31 March 2011	16,422,099	-	86,611	16,508,710
Social Housing Grant				
At 1 April 2010	10,956,900	-	58,560	11,015,460
Transfer of properties under construction	-	-	-	-
Received in year	19,677	-	-	19,677
On Disposals	-	-	(19,520)	(19,520)
At 31 March 2011	10,976,577	-	39,040	11,015,617
Other Grants				
At 1 April 2010	250,000	-	-	250,000
Transfer of properties under construction	-	-	-	-
Received in year	-	-	-	-
On Disposals	-	-	-	-
At 31 March 2011	250,000	-	-	250,000
Depreciation				
At 1 April 2010	-	-	-	-
Provided during year	51,667	-	-	51,667
On Disposals	-	-	-	-
On revaluation	-	-	-	-
At 31 March 2011	51,667	-	-	51,667
Net Book Value at 31 March 2011	5,143,855	-	47,571	5,191,426
Net Book Value at 31 March 2010	5,039,000	-	71,356	5,110,356

Development Administration Costs capitalised amounted to £36,298 (2010 - £51,408) for which allowances totalling £36,298 (2010 - £51,408) were received in the year.

On 31 March 2010 the properties held for letting were revalued by DTZ Debenham Tie Leung on the Existing Use Value – Social Housing basis.

On the historical cost basis, the revalued property at 31 March 2011 would have been included at a cost of £15,159,436 (2010 - £14,983,237) less Social Housing Grant, Other Grants and depreciation of £11,356,941 (2010 - £11,297,435).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

12. TANGIBLE FIXED ASSETS - OTHER FIXED ASSETS

	Community Hub £	Equipment Fixtures and Fittings £	Total £
Cost			
At 1 April 2010	516,723	62,994	579,717
Additions	1,509,759	-	1,509,759
Revaluation	-	-	-
Disposals	-	-	-
At 31 March 2011	2,026,482	62,994	2,089,476
Grants Received			
At 1 April 2010	516,723	-	516,723
Received in year	1,509,759	-	1,509,759
On Disposals	-	-	-
At 31 March 2011	2,026,482	-	2,026,482
Depreciation			
At 1 April 2010	-	62,654	62,654
Charge for the year	-	339	339
On Disposals	-	-	-
At 31 March 2011	-	62,993	62,993
Net Book Value at 31 March 2011	-	1	1
Net Book Value at 31 March 2010	-	340	340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

13. DEBTORS

	2011 £	2010 £
Amounts falling due within one year:		
Arrears of rental service charges	30,171	32,691
New Supplied Shared Equity	-	66,000
Other Debtors	2,366,456	2,388,899
Taxation	-	-
Prepayments and accrued income	3,737	4,561
	<u>2,400,364</u>	<u>2,492,151</u>

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	1,523	34,727
Social security and other taxes	7,932	8,169
Housing loans	65,988	60,811
Accruals and deferred income	2,309,991	2,312,954
Rent in advance	32,759	31,622
Due to Scottish Government	161,654	142,411
Other creditors	581,809	655,148
Taxation	-	4,759
	<u>3,161,656</u>	<u>3,250,601</u>

15. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

Housing loans:-		
Due between one and two years	69,424	64,008
Due between two and five years	230,962	213,146
Due after five years	2,953,736	2,960,722
	<u>3,254,122</u>	<u>3,237,876</u>

Loans are secured by a standard security held over the housing properties of the Co-Operative and are repayable at varying rates of interest in instalments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

16. SHARE CAPITAL

	2011 £	2010 £
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1 April 2010	158	163
Issued during the year	9	47
Forfeited during the year	(13)	(52)
At 31 March 2011	<u>154</u>	<u>158</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

Under the Association's Rules, share capital is non refundable if a person ceases to be a member.

At 31 March 2011, shares issued were split as follows:

	No	No
Active members	154	158
Ceased members	-	-
	<u>154</u>	<u>158</u>

17. DESIGNATED RESERVES

	Planned Maintenance £
Balance at 1 April 2010	502,944
Transferred in year	<u>50,000</u>
Balance at 31 March 2011	<u>552,944</u>

18. REVALUATION RESERVE

	2011 £	2010 £
Balance at 1 April 2010	1,262,663	1,717,788
Transfer to revenue reserve	(12,266)	(47,388)
Revaluation in year	-	(407,737)
Balance at 31 March 2011	<u>1,250,397</u>	<u>1,262,663</u>

19. REVENUE RESERVE

Revenue reserves at 1 April 2010	261,195	256,766
Surplus for the year	56,089	47,041
Transfer from revaluation reserve	12,266	47,388
Transfer to designated reserves	(50,000)	(90,000)
At 31 March 2011	<u>279,550</u>	<u>261,195</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

20. RECONCILIATION OF OPERATING SURPLUS
TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
OPERATING SURPLUS FOR THE YEAR	232,339	216,125
Depreciation	52,006	52,090
Loss on disposal of fixed assets	21,908	7,995
Forfeited shares	(13)	(54)
Decrease/(increase) in debtors	91,787	(87,568)
(Decrease)/increase in creditors	(56,159)	691,842
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>341,868</u>	<u>880,430</u>

21. RECONCILIATION OF NET CASHFLOW
TO MOVEMENT IN NET DEBT

Increase in cash in year	27,646	393,902
Loan Repayments	(21,423)	52,082
Loans Received		(700,000)
Change in net debt	6,223	(254,016)
Net debt at 1 April 2010	(2,420,825)	(2,166,809)
Net debt at 31 March 2011	<u>(2,414,602)</u>	<u>(2,420,825)</u>

22. ANALYSIS OF CHANGES IN NET DEBT

	As at 1 April 2010 £	Cash Flow £	Other Changes £	As at 31 March 2011 £
Cash at bank and in hand	912,589	(5,558)	-	907,031
Bank overdraft	(34,727)	33,204	-	(1,523)
	877,862	27,646	-	905,508
Debt due within 1 year	(60,811)	60,811	(65,988)	(65,988)
Debt due after 1 year	(3,237,876)	(82,234)	65,988	(3,254,122)
	<u>(2,420,825)</u>	<u>6,223</u>	<u>-</u>	<u>(2,414,602)</u>

23. CAPITAL COMMITMENTS

	2011 £	2010 £
Expenditure contracted less paid and certified	<u>540,000</u>	<u>560,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

24. HOUSING STOCK	2011	2010
	No	No
The number of units of accommodation in management at the year end was		
General needs	227	227
Supported housing	28	28
Shared ownership	1	2
	<u>256</u>	<u>257</u>

25. PENSION OBLIGATIONS

Garrion People's Housing Co-Operative Limited (the "Co-Operative") participates in the Scottish Housing Associations' 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 an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "Projected Unit Credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

25. PENSION OBLIGATIONS (cont)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities relating to employment with all the employers. The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Co-operative has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Association' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As at this date, the estimated employer debt for the Garrion People's Housing Co-operative Limited was £919,955.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60 accrual rate.
- Career average revalued earnings with 1/60 accrual rate.
- Career average revalued earnings with 1/70 accrual rate.
- Career average revalued earnings with 1/80 accrual rate.
- Career average revalued earnings with 1/120 accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Co-Operative has elected to operate the final salary with a 1/60 accrual rate benefit structure for active members as at 1 April 2010 and the final salary with a 1/60 accrual rate benefit structure for new entrants from 1 April 2010.

During the accounting period the Co-Operative paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

At the balance sheet date there were 6 active members of the Scheme employed by the Co-Operative. The annual pensionable payroll in respect of these members was £190,647.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% pa
- Investment return pre retirement	7.4
- Investment return post retirement - non-pensioners	4.6
- Investment return - pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
pension accrued pre 6 April 2005	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

25. PENSION OBLIGATIONS (cont)

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners.

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

Mortality Tables:

Non-pensioners and pensioners- SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement.

Contribution Rates for Future Service (payable from 1 April 2011)	% pa
Final Salary 1/60	19.2
Career average revalued earnings 1/60	17.1
Career average revalued earnings 1/70	14.9
Career average revalued earnings 1/80	13.2

Contribution Rates for Future Service (payable from 1 April 2011)	% pa
Career average revalued earnings 1/120	9.4
Additional rate for deficit contributions*	10.4

(*Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

26. SCOTTISH SECURE TENANCY RENTS

	2011 £	2010 £
Average Scottish Secure tenancy rent for housing accommodation	<u>3,001</u>	<u>2,914</u>
Percentage increase from previous year	<u>3%</u>	<u>8%</u>

27. RELATED PARTY TRANSACTIONS

The members of management committee who are tenants have their tenancies on the Co-Operative's normal tenancy terms and they cannot use their positions to their advantage.

28. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the Co-Operative had no annual commitments under non-cancellable operating leases.