

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

Register of Friendly Societies No. 2337R

Registered Housing Association No. HAC 226

FRENCH DUNCAN LLP

Chartered Accountants & Registered Auditor

375 West George Street

Glasgow

G2 4LW

GARRION PEOPLE'S HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

Committee of Management

Elizabeth Cooper	(Chairperson)
David Cooper	(Vice Chairperson)
Patryk Topolski	(Secretary) (appointed September 2012)
Lucille Mullen	(Treasurer)
Lynne McLean	(resigned February 2013)
James Deas	
Allister Marshall	
Colette Rooney	
Heather Laing	
Ellen Langford	
Agnes Farrell	(appointed September 2012)
Mairin Innes	(appointed September 2012, resigned February 2013)
Brian Gilmour	(appointed September 2012, resigned February 2013)

Executive Officer

John Mulholland (Director)

Registered Office

70 Smith Avenue
Wishaw
ML2 0LD

Auditors

French Duncan LLP
Chartered Accountants
Statutory Auditor
375 West George Street
Glasgow
G2 4LW

Bankers

Clydesdale Bank plc	Dunfermline Building Society
66 Queen Street	Caledonia House, Carnegie Avenue
Glasgow	Dunfermline

Solicitors

Harper MacLeod LLP
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 2013**

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2013.

Legal Status

The Co-operative is registered as a non-profit making organisation under the Industrial and Provident Societies Acts 1965 to 2002, registered number 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 Management Committee is of the opinion that the state of affairs of the Co-operative is satisfactory. The surplus for the year after taxation was £4,964 (2012 – deficit of £31,956). A transfer to the designated reserves was made of £nil (2012 – £nil). Net Assets at 31 March 2013 total £1,825,056 (2012 - £1,828,792).

Changes in Fixed Assets

Details of Fixed Assets are set out in notes 11 and 12.

Management Committee and Executive Officer

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

Statement of Management Committee's Responsibilities

The Management Committee is responsible for preparing the financial statements in accordance with 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 financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010, the Scottish Housing Regulator Determination of Accounting Requirements (April 2012) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2010). 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 2013 (Continued)**

In so far as the Management Committee is aware:

- there is no relevant audit information of which the Co-operative's auditors are unaware; and
- the Management Committee has taken all steps that it ought to have taken to make itself 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 recognises 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 2013 (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 as auditors to the Co-operative will be put to the members at the Annual General Meeting.

By Order of the Management Committee

Patryk Topolski

Patryk Topolski
SECRETARY

Date: *18 September 2013*

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31ST MARCH 2013**

We have audited the Financial Statements of Garrion People's Housing Co-operative Limited for the year ended 31 March 2013 on pages 7 to 25. 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 2013 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (April 2012).

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
Statutory Auditors
375 West George Street
Glasgow
G2 4LW

Date: 23/09/2013

**REPORT OF THE INDEPENDENT AUDITORS
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your Statement on page 3 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 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 controls on page 3 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 Auditors
375 West George Street
Glasgow
G2 4LW

Date: 23/09/2013

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
TURNOVER	2	962,885	927,872
Operating costs	2	<u>(804,589)</u>	<u>(762,241)</u>
OPERATING SURPLUS	7	158,296	165,631
Loss on disposal of housing		(7,541)	-
Interest receivable and other income	8	332	420
Interest payable	9	<u>(146,123)</u>	<u>(198,007)</u>
SURPLUS/(DEFICIT) FOR YEAR BEFORE TAXATION		4,964	(31,956)
Tax on surplus on ordinary activities	10	<u>-</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR YEAR		<u><u>4,964</u></u>	<u><u>(31,956)</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 2013

	2013 £	2012 £
Surplus/(deficit) for the financial year	4,964	(31,956)
Release from revaluation reserve	<u>12,626</u>	<u>25,687</u>
Total recognised surpluses and deficits relating to the year	17,590	(6,269)
Prior year adjustment	<u>-</u>	<u>(406,726)</u>
	<u><u>17,590</u></u>	<u><u>(412,995)</u></u>

BALANCE SHEET AS AT 31 MARCH 2013

	Notes	2013 £	2012 £
TANGIBLE FIXED ASSETS			
Housing properties	11	18,530,612	18,593,263
Less: Social housing, other grants and depreciation		<u>(13,752,174)</u>	<u>(13,711,611)</u>
Other	11 12	4,778,438 <u>68,813</u>	4,881,652 <u>71,778</u>
		<u>4,847,251</u>	<u>4,953,430</u>
INVESTMENTS			
		<u>1</u>	<u>1</u>
CURRENT ASSETS			
Debtors	13	106,633	108,581
Investments		25,000	-
Cash at bank and in hand		<u>605,414</u>	<u>607,935</u>
		737,047	716,516
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	14	<u>(487,280)</u>	<u>(488,722)</u>
NET CURRENT ASSETS			
		<u>249,767</u>	<u>227,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: Amounts falling due after one year	15	<u>(3,271,963)</u>	<u>(3,352,433)</u>
		<u>1,825,056</u>	<u>1,828,792</u>
CAPITAL AND RESERVES			
Called up share capital	16	157	153
Designated reserves	17	491,037	491,037
Revaluation reserve	18	1,072,456	1,093,786
Revenue reserves	19	<u>261,406</u>	<u>243,816</u>
		<u>1,825,056</u>	<u>1,828,792</u>

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

18 September 2013

Elizabeth Cooper
Elizabeth Cooper

CHAIRPERSON

Patryk Topolski
Patryk Topolski

SECRETARY

Lucille Mullen
Lucille Mullen

TREASURER

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2013

		2013 £	2012 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	20	<u>195,364</u>	<u>(163,942)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		332	420
Interest paid		<u>(146,123)</u>	<u>(198,007)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(145,791)</u>	<u>(197,587)</u>
TAXATION			
Tax paid		-	-
Grant Received		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchase of housing		(32,888)	(2,345,331)
Cash paid for purchase of other fixed assets		-	(524,603)
Social Housing Grant received		16,088	2,318,955
Other capital grants		-	449,861
Net proceeds on disposal of housing properties		40,030	-
Retention release		-	50,000
Proceeds on disposal of other fixed assets		<u>-</u>	<u>-</u>
		<u>23,230</u>	<u>(51,118)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>72,803</u>	<u>(412,647)</u>
FINANCING			
Loan advances		-	(517,530)
Loans repaid		(76,700)	626,070
Shares issued		<u>14</u>	<u>13</u>
		<u>(76,686)</u>	<u>108,553</u>
DECREASE IN CASH	21	<u><u>(3,883)</u></u>	<u><u>(304,094)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

The Co-operative is incorporated under the Industrial and Provident Societies Acts and is registered by The Registrar of Friendly Societies. The financial statements have been prepared in compliance 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 SHG 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) 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.

e) Depreciation - Housing Properties

Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown in the table below:

Boilers	12 years	Kitchens	15 years
Bathrooms	20 years	Heating Systems	24 years
Windows	30 years	Roofs	60 years
Structure	100 years		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

1. ACCOUNTING POLICIES (Continued)

f) Depreciation - Other Fixed Assets

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:

Office Equipment	-	20% straight line
Furniture & Fittings	-	10% straight line
Computer Equipment	-	33% straight line
Motor Vehicles	-	25% straight line
Community Hub	-	2% 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 Repairs

The costs of cyclical repairs are charged to the income and expenditure account in the year in which they are incurred.

j) Designated Reserves

Planned Maintenance

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 Scottish Housing Associations' Pension Scheme (SHAPS) 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 to the independently administered Pensions Trust in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The expected cost to the Co-operative of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	Operating Costs £	2013 Operating Surplus/ £	2012 Operating Surplus £
Social lettings	3	<u>831,941</u>	<u>(663,352)</u>	<u>168,589</u>	<u>133,168</u>
Other activities	4	<u>130,944</u>	<u>(141,237)</u>	<u>(10,293)</u>	<u>32,463</u>
Total		<u>962,885</u>	<u>(804,589)</u>	<u>158,296</u>	<u>165,631</u>
Total for previous period of account		<u>927,872</u>	<u>(762,241)</u>	<u>165,631</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2013 Total £	2012 Total £
Rent receivable net of service charges	736,343	96,667	866	-	833,876	798,593
Service charges	-	-	-	-	-	-
Gross income from rents and service charges	736,343	96,667	866	-	833,876	798,593
Less voids	(1,935)	-	-	-	(1,935)	(7,790)
Net income from rents and service charges	734,408	96,667	866	-	831,941	790,803
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	734,408	96,667	866	-	831,941	790,803
Management and maintenance administration costs	376,077	96,667	866	-	473,610	453,877
Service costs	-	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	38,134	-	-	-	38,134	26,779
Reactive maintenance costs	87,869	-	-	-	87,869	113,125
Bad debts - rents and service charges	-	-	-	-	-	-
Depreciation of social housing	63,739	-	-	-	63,739	63,854
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	565,819	96,667	866	-	663,352	657,635
Operating surplus for social lettings	168,589	-	-	-	168,589	133,168
Operating surplus for social letting for previous period of account	133,168	-	-	-	133,168	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(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/(deficit) £	Operating surplus/(deficit) for previous period of account £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	14,521	(14,521)	(4,414)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	46,578	-	46,578	-	46,578	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	15,966	15,966	-	-	15,966	17,550
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities - Centrepoint	-	20,000	-	48,390	68,390	-	80,138	(11,748)	19,313
Other activities - Forfeited shares	-	-	-	10	10	-	-	10	14
Total from other activities	-	20,000	46,578	64,366	130,944	-	141,237	(10,293)	32,463
Total from other activities for the previous period of account	1,400	50,000	46,452	39,217	137,069	-	104,606	32,463	

The other revenue grants figure above of £50,000 in 2012 was a grant which was received from the Big Lottery Fund towards the running costs of Centrepoint. This grant was all spent during last year on the running costs of Centrepoint.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

5. DIRECTORS' EMOLUMENTS

The Management Committee members are all classed as Directors of the Co-operative. All perform their duties on a voluntary basis and have no emoluments from the Co-operative. 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.

	2013 £	2012 £
Total Emoluments (including pension contributions and benefits in kind)	<u>98,432</u>	<u>95,001</u>
Emoluments of highest paid director (excluding pension contributions)	<u>91,593</u>	<u>88,162</u>
	Number	Number
Greater than £60,000	<u>1</u>	<u>1</u>
Total expenses re-imbursed insofar as not chargeable to income tax	£	£
Management Committee	<u>1,165</u>	<u>1,231</u>

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

6. EMPLOYEES

	Number	Number
Average weekly numbers of persons employed during the year:	<u>7</u>	<u>8</u>
Staff Costs:	£	£
Wages and Salaries	269,738	268,107
Social Security Costs	24,530	25,013
Pension Contributions	<u>44,051</u>	<u>39,652</u>
	<u>338,319</u>	<u>332,772</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

7. OPERATING SURPLUS

	2013 £	2012 £
Operating surplus is stated after charging:-		
Depreciation	66,704	66,819
Auditors Remuneration - Audit Services	<u>7,864</u>	<u>7,934</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

Interest Receivable	<u>332</u>	<u>420</u>
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9. INTEREST PAYABLE

On Bank Loans and Overdrafts	<u>146,123</u>	<u>198,007</u>
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10. TAXATION

Corporation Tax @ 20%	-	-
Over provision in respect of prior years	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

11. TANGIBLE FIXED ASSETS

	Properties Held for Letting £	Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost or Valuation				
At 1 April 2012	16,215,743	2,290,909	86,611	18,593,263
Additions	32,888	-	-	32,888
Disposals	(8,928)	-	(86,611)	(95,539)
Revaluation	-	-	-	-
At 31 March 2013	<u>16,239,703</u>	<u>2,290,909</u>	<u>-</u>	<u>18,530,612</u>
Social Housing Grant				
At 1 April 2012	11,004,623	2,290,909	39,040	13,334,572
Received in year	16,088	-	-	16,088
On Disposals	-	-	(39,040)	(39,040)
At 31 March 2013	<u>11,020,711</u>	<u>2,290,909</u>	<u>-</u>	<u>13,311,620</u>
Other Grants				
At 1 April 2012	250,000	-	-	250,000
Transfer of properties under construction	-	-	-	-
Received in year	-	-	-	-
On Disposals	-	-	-	-
At 31 March 2013	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Depreciation				
At 1 April 2012	127,039	-	-	127,039
Provided during year	63,739	-	-	63,739
On Disposals	(224)	-	-	(224)
On revaluation	-	-	-	-
At 31 March 2013	<u>190,554</u>	<u>-</u>	<u>-</u>	<u>190,554</u>
Net Book Value at 31 March 2013	<u>4,778,438</u>	<u>-</u>	<u>-</u>	<u>4,778,438</u>
Net Book Value at 31 March 2012	<u>4,834,081</u>	<u>-</u>	<u>47,571</u>	<u>4,881,652</u>

On 31 March 2010 the properties held for letting were revalued by DTZ Debenham Tie Leung on the Existing Use Value – Social Housing basis. An Interim valuation was carried out as at 31 March 2013 by A.C. Davidson & Co, Financial Consultants, using the same basis and no change was made to the property values at the year end.

On the historical cost basis, the revalued property at 31 March 2013 would have been included at a cost of £14,977,040 (2012 - £14,953,080) less Social Housing Grant, Other Grants and depreciation of £11,874,701 (2012 - £11,807,724).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

12. TANGIBLE FIXED ASSETS - OTHER FIXED ASSETS

	Community Hub £	Equipment, Fixtures and Fittings £	Total £
Cost			
At 1 April 2012	2,546,343	67,736	2,614,079
Additions	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2013	<u>2,546,343</u>	<u>67,736</u>	<u>2,614,079</u>
Grants Received			
At 1 April 2012	2,476,343	-	2,476,343
Received in year	-	-	-
On Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2013	<u>2,476,343</u>	<u>-</u>	<u>2,476,343</u>
Depreciation			
At 1 April 2012	1,400	64,558	65,958
Charge for the year	1,400	1,565	2,965
On Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2013	<u>2,800</u>	<u>66,123</u>	<u>68,923</u>
Net Book Value at 31 March 2013	<u>67,200</u>	<u>1,613</u>	<u>68,813</u>
Net Book Value at 31 March 2012	<u>68,600</u>	<u>3,178</u>	<u>71,778</u>

The grants figure above of £2,476,343 relates to the Community Hub and includes £196,578 of grants received from the Big Lottery Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

13. DEBTORS

	2013	2012
	£	£
Amounts falling due within one year:		
Arrears of rental service charges	37,606	36,992
Other Debtors	64,472	67,257
Prepayments and accrued income	4,555	4,332
	<u>106,633</u>	<u>108,581</u>

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	7,883	6,521
Social security and other taxes	7,349	6,628
Housing loans	79,987	76,217
Accruals and deferred income	21,606	27,992
Rent in advance	33,687	34,889
Due to Scottish Government	161,654	161,654
Other creditors	175,114	174,821
Taxation	-	-
	<u>487,280</u>	<u>488,722</u>

15. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

Housing loans:-		
Due between one and two years	83,948	79,974
Due between two and five years	277,953	264,670
Due after five years	2,910,062	3,007,789
	<u>3,271,963</u>	<u>3,352,433</u>

The 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 2013 (Continued)

16. SHARE CAPITAL

	2013	2012
	£	£
Shares of £1 each, fully paid and issued		
Allotted, issued and fully paid at 1 April 2012	153	154
Issued during the year	14	13
Forfeited during the year	<u>(10)</u>	<u>(14)</u>
At 31 March 2013	<u><u>157</u></u>	<u><u>153</u></u>

Each member of the Co-operative holds one share of £1 in the Co-operative. 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 Co-operative's Rules, share capital is non refundable if a person ceases to be a member. At 31 March 2013, shares issued were split as follows:

Active members	157	153
Ceased members	<u>-</u>	<u>-</u>
	<u><u>157</u></u>	<u><u>153</u></u>

17. DESIGNATED RESERVES

Planned Maintenance	2013
	£
Balance at 1 April 2012	491,037
Transferred in year	<u>-</u>
Balance at 31 March 2013	<u><u>491,037</u></u>

18. REVALUATION RESERVE

	2013
	£
Balance at 1 April 2012	1,093,786
Release against loss on disposal of fixed assets	(8,704)
Release to revenue reserve	<u>(12,626)</u>
Balance at 31 March 2013	<u><u>1,072,456</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

19. REVENUE RESERVE

	2012 £
Balance at 1 April 2012	243,816
Surplus for the year	4,964
Transfer from revaluation reserve	12,626
Transfer to designated reserves	-
	<u> </u>
At 31 March 2013	<u><u>261,406</u></u>

20. RECONCILIATION OF OPERATING SURPLUS
TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2013 £	2012 £
OPERATING SURPLUS FOR THE YEAR	150,755	165,631
Depreciation	66,704	66,819
Loss on disposal of fixed assets	7,541	-
Forfeited shares	(10)	(14)
Decrease in debtors	1,948	2,291,783
Increase in investments	(25,000)	-
Decrease in creditors	(6,574)	(2,688,161)
	<u> </u>	<u> </u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u><u>195,364</u></u>	<u><u>(163,942)</u></u>

21. RECONCILIATION OF NET CASHFLOW
TO MOVEMENT IN NET DEBT

Increase/(Decrease) in cash in year	(3,883)	(304,094)
Loan advances	-	517,530
Loan repayments	76,700	(626,070)
Change in net debt	72,817	(412,634)
Net debt at 1 April 2012	<u>(2,827,236)</u>	<u>(2,414,602)</u>
Net debt at 31 March 2013	<u><u>(2,754,419)</u></u>	<u><u>(2,827,236)</u></u>

22. ANALYSIS OF CHANGES IN NET DEBT

	As at 1 April 2012 £	Cash Flow £	Other Changes £	As at 31 March 2013 £
Cash at bank and in hand	607,935	(2,521)	-	605,414
Bank overdraft	(6,521)	(1,362)	-	(7,883)
	<u>601,414</u>	<u>(3,883)</u>	-	<u>597,531</u>
Debt due within 1 year	(76,217)	76,217	(79,987)	(79,987)
Debt due after 1 year	(3,352,433)	483	79,987	(3,271,963)
	<u>(2,827,236)</u>	<u>72,817</u>	-	<u><u>(2,754,419)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

23 CAPITAL COMMITMENTS

	2013	2012
	£	£
Expenditure contracted less paid and certified	<u>-</u>	<u>-</u>

24. HOUSING STOCK

	2013	2012
	No	No
The number of units of accommodation in management at the year end was:		
General needs	228	228
Supported housing	28	28
Shared ownership	<u>-</u>	<u>1</u>
	<u>256</u>	<u>257</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

25. PENSION OBLIGATIONS

Garrion People's Housing Co-operative Limited (the "Co-operative") participates in the Scottish Housing Association's Pension Scheme (the "Scheme"). The scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension 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 three 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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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.

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 SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for the Co-operative was £994,605.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

25. PENSION OBLIGATIONS (Continued)

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th 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 1/60th accrual rate benefit structure for active members and new members.

During the year, the Co-operative paid contributions at the rate of 9.6%. Member contributions were 9.6%.

As at the balance sheet date there were 5 active members of the Scheme employed by the Co-operative. The annual pensionable payroll in respect of these members was £166,312.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

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 costs of future benefit accrual were assessed as:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (Continued)

25. PENSION OBLIGATIONS (Continued)

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	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.)

As the Co-operative continues to offer membership of the scheme to employees it therefore regards crystallisation of the buy-out as remote. No provision for the buy-out debt is therefore required.

The pension cost charge of £44,051 (2012: £39,652) represents amounts paid by the Co-operative to this scheme during the year.

The Co-operative's Director is an ordinary member of the pension scheme and no enhanced or special terms apply. The Director does not have an individual pension arrangement. The Co-operative paid £6,839 (2012: £6,839) of contributions towards the Director's pension in the year.

26. RELATED PARTY TRANSACTIONS

The members of the 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.

During the year the Co-operative charged Bridges Housing Association Ltd, a company in which the Co-operative owns 50% of the share capital, £15,966 for Agency services. The balance owed by Bridges Housing Association Ltd to the Co-operative at 31 March 2013 was £10,000 (2012 - £19,034).