

HAWTHORN HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015



HAWTHORN HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015

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HAWTHORN HOUSING CO-OPERATIVE LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH, 2015

Auditors

Armstrongs,
Chartered Accountants
142 West Nile Street
Glasgow
G1 2RQ

Bankers

The Royal Bank of Scotland
249 Saracen Street
Glasgow
G22 5JW

Legal advisers

T C Young
Solicitors
7 West George Street
Glasgow
G2 1BA

Registered Office

23A Finlas Street
Possilpark
Glasgow
G22 5DB

Registration particulars

Registered Housing Association number: C3735

Financial Conduct Authority number: Co-operative and Community Benefit Societies Act 2014
Registration Number 2195 R (S)

HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH, 2015

The Committee of Management present their report and the audited financial statements for the year ended 31st March, 2015.

Principal activities

The principal activities of the Co-operative are the provision, construction, improvement and management of rented and shared-ownership accommodation.

Review of business

The results for the year are as shown in the attached Income and Expenditure Account. The surplus for the year was £86,168 (2014 - surplus £31,434).

Changes in fixed assets

Details of changes in fixed assets are set out in Notes 11-12.

The Committee of Management and executive officer

The Committee of Management and executive officer of the Co-operative are as follows:-

Executive officer

. I. Campbell (Resigned 21.07.15)

Committee of Management

. H. Graham	(Chair)	. M. Gowans	
. M. McGeouch	(Vice Chair)	. E. Anderson	
. C. Ritchie	(Secretary)	. M. Dewar	(Resigned 25.11.14)
. C. Bowie	(Treasurer)	. G. Mooney	
. C. O'Donnell		. R. Bowman	
. G. Spence		. A. Lawrance	
. W. Donald		. B. O'Donnell	
. C. Brannan	(Appointed 02.09.14 - Resigned 19.09.14)	. S. Martin	(Co-opted 25.11.14)

At the Annual General Meeting one third of all serving members of the Committee (if eligible as per the model rules) will retire from office and may stand for re-election if eligible.

Each member of the Committee of Management, with the exception of co-opted members, holds one fully paid share of £1 in the Co-operative. The executive officer of the Co-operative holds no interest in the Co-operative's share capital and, although not having the legal status of a director, acts as an executive within the authority delegated by the Committee.

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HAWTHORN HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

Statement of Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the 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 income and expenditure of the Co-operative for the year ended on that date. In preparing these financial statements, the Committee is required to:-

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

The 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 it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012. It is also responsible for safeguarding the assets of the Co-operative and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

The Co-operative has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Scottish Housing Regulator, the auditors have confirmed that they consider this statement appropriately reflects the Co-operative's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they are aware from their audit work on the Financial Statements.

Statement as to disclosure of information to auditors

So far as the Committee are aware, there is no relevant audit information of which the Co-operative's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Co-operative's auditors are aware of that information.

Auditors

A resolution to appoint the auditors, Armstrongs, will be proposed at the Annual General Meeting.

By order of the Committee

Secretary

Catherine Ritchie

Dated :

03/08/2015

HAWTHORN HOUSING CO-OPERATIVE LIMITED
COMMITTEE STATEMENT ON THE CO-OPERATIVE'S
SYSTEM OF INTERNAL FINANCIAL CONTROL
FOR THE YEAR ENDED 31ST MARCH, 2015

The Committee acknowledge their ultimate responsibility for ensuring that the Co-operative has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- . the reliability of financial information used within the Co-operative or for publication;
- . the maintenance of proper accounting records;
- . the safeguarding of assets (against unauthorised use or disposition).

It is the 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 include ensuring that:

- . formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Co-operative's assets;
- . experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- . forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
- . regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are 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 relevant sub-committees comprising Committee members and others;
- . the Committee review reports from management, from directors, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Co-operative;
- . formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Co-operative for the year ended 31st March 2015 and until the below date. No weaknesses were found in 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.

By order of the Committee

Secretary

Catherine Ritchie

Dated :

03/08/2015

HAWTHORN HOUSING CO-OPERATIVE LIMITED
REPORT BY THE AUDITORS TO THE COMMITTEE
ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31ST MARCH, 2015

Corporate Governance

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

Basis of opinion

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

Opinion

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

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



Adam Armstrong, LL.B, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Date : 1st September 2015

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF HAWTHORN HOUSING CO-OPERATIVE LIMITED**

We have audited the financial statements of Hawthorn Housing Co-operative Limited for the year ended 31st March 2015 which comprise the Income and Expenditure Account, Note of Historical Surpluses and Deficits, the Balance Sheet, and the related notes one to twenty four. 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 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 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 Committee and Auditors

As explained more fully in the Statement of Committee's Responsibilities set out on page three, the Committee are 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 Ethical Standards for Auditors.

Scope of the audit of 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 Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee 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 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 31st March 2015 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, Schedule 1, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012.

Matters on which we are required to report

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Management Committee is inconsistent in any material respect with the Financial Statements; or
- the Co-operative has not been kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Dated : 1st September 2015

HAWTHORN HOUSING CO-OPERATIVE LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes	2015 £	2014 £
Turnover	2	1,045,589	969,377
Operating costs	2	945,587	894,793
Operating surplus/(deficit)	2 & 5	<u>100,002</u>	<u>74,584</u>
Interest receivable and other income	8	6,563	7,272
Interest payable and similar charges	9	(18,772)	(49,067)
Surplus/(deficit) on ordinary activities before taxation		<u>87,793</u>	<u>32,789</u>
Tax on surplus on ordinary activities	10	1,625	1,355
Surplus/(deficit) on ordinary activities after taxation		<u>86,168</u>	<u>31,434</u>

The results for the year relate wholly to continuing activities.

HAWTHORN HOUSING CO-OPERATIVE LIMITED
NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31ST MARCH 2015

	2015	2014
	£	£
Reported surplus/(deficit) on ordinary activities before taxation	87,793	32,789
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	82,896	82,896
Historical cost surplus/(deficit) on ordinary activities before taxation	<u>170,689</u>	<u>115,685</u>
Historical cost surplus/(deficit) on ordinary activities after taxation	<u>169,064</u>	<u>114,330</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED

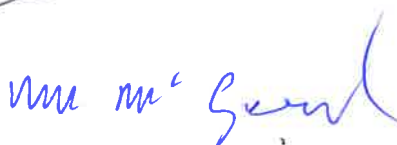
BALANCE SHEET

AS AT 31ST MARCH, 2015

	Notes	2015 £	2014 £
Tangible fixed assets			
Housing properties	11	8,764,186	8,944,754
Other	12	<u>501,091</u>	<u>519,528</u>
		<u>9,265,277</u>	<u>9,464,282</u>
Current assets			
Debtors	13	50,028	169,954
Cash at bank and in hand		<u>1,480,642</u>	<u>1,278,220</u>
		<u>1,530,670</u>	<u>1,448,174</u>
Creditors : amounts falling due within one year	14	211,481	326,478
Net current assets		<u>1,319,189</u>	<u>1,121,696</u>
Total assets less current liabilities		10,584,466	10,585,978
Creditors : amounts falling due after more than one year	15	(1,363,698)	(1,451,378)
Net Assets		<u>9,220,768</u>	<u>9,134,600</u>
Capital and reserves			
Share capital	16	327	327
Revaluation reserve	17	6,263,767	6,346,663
Accumulated surplus	22	<u>2,956,674</u>	<u>2,787,610</u>
		<u>9,220,768</u>	<u>9,134,600</u>

These financial statements were approved by the Committee on 03/08/2015 and signed on their behalf by:

Chairman 

Committee Member 

Secretary Catherine Ritchie

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015

1. Principal accounting policies

The Co-operative is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority.

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of some fixed assets in accordance with applicable Accounting Standards), the Statement of Recommended Practice: Accounting by Registered Social Landlords Update, issued by the Scottish Federation of Housing Associations in October 2010 and the Determination of Accounting Requirements April 2012. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Housing Regulator, local authorities and other agencies.

Housing properties

Completed housing properties are professionally valued on an existing use basis. Surpluses and deficits are reflected in the revaluation reserve. Permanent diminutions in the value of housing property are eliminated first against any revaluation reserve in respect of that property with any excess being charged to the Income and Expenditure account.

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure Account.

Reviews for impairment of housing properties are carried out regularly and any impairment in an income-generating unit is recognised by a charge to the Income and Expenditure Account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the Income and Expenditure Account.

Depreciation - housing properties

Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce 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 is shown in the table below.

Structure	100 years	Radiators	30 years
Roof	40 years	Boilers	15 years
Close doors	20 years	Bathrooms	25 years
Windows	30 years	Kitchens	15 years
Electrics	30 years		

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HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015

1. Principal accounting policies/Cont...

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at annual rates :-

Office property	- 2% per annum
Furniture and fittings	- 15% per annum
Office equipment	- 10% per annum
Computer equipment	- 33% per annum

Social Housing Grant and other grants

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments have been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the balance sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Capitalisation of interest

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

Development administration costs

Development costs incremental to the other costs of the Co-operative have been capitalised.

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.

Pension costs

The Co-operative participates in the centralised Scottish Housing Associations' defined benefit pension scheme and retirement benefits to employees of the Co-operative are funded by 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 expected costs to the Co-operative of pension are charged to the income and expenditure accounts so as to spread the cost of pensions over the service lives of employees.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015

2. Particulars of turnover, operating costs and operating surpluses

	Turnover £	2015 Operating Costs £	Operating surplus/(deficit) £
Social lettings	1,029,568	924,631	104,937
Other activities	16,021	20,956	(4,935)
Total	<u>1,045,589</u>	<u>945,587</u>	<u>100,002</u>

	Turnover £	2014 Operating costs £	Operating surplus/(deficit) £
Social lettings	958,335	882,530	75,805
Other activities	11,042	12,263	(1,221)
Total	<u>969,377</u>	<u>894,793</u>	<u>74,584</u>

3. Particulars of income and expenditure from lettings

	General needs housing £	2014 Total £
Income from lettings		
Rent receivable net of identifiable service charges	1,021,655	969,035
Less: voids	(5,511)	(10,700)
Net income from rents and service charges	1,016,144	958,335
Other revenue grants	13,424	-
Total turnover from social letting activities	<u>1,029,568</u>	<u>958,335</u>
Expenditure on lettings		
Management and maintenance administration costs	473,213	427,118
Reactive maintenance	72,326	86,517
Planned and cyclical maintenance	158,599	137,172
Bad debts - rents and service charges	4,508	9,400
Depreciation of social housing	215,985	222,323
Operating costs for social letting activities	<u>924,631</u>	<u>882,530</u>
Operating surplus/(deficit) for social lettings for 2015	<u>104,937</u>	<u>75,805</u>
Operating surplus/(deficit) for social lettings for 2014	<u>75,805</u>	

No service charges were receivable on housing accommodation not eligible for housing benefit (2014 - £Nil).

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

4. Particulars of turnover, operating costs and surpluses from other activities

	Scottish Ministers' Grants £	Other income £	Total turnover £	Operating costs £	2015 Total £	2014 Total £
Wider role	11,650	4,356	16,006	20,956	(4,950)	(1,238)
Other income	-	15	15	-	15	17
Total for other activities for 2015	<u>11,650</u>	<u>4,371</u>	<u>16,021</u>	<u>20,956</u>	<u>(4,935)</u>	<u>(1,221)</u>
Total for other activities for 2014	<u>11,025</u>	<u>17</u>	<u>11,042</u>	<u>12,263</u>	<u>(1,221)</u>	

5. Operating surplus

	2015 £	2014 £
Operating surplus is stated after charging:-		
Depreciation/loss on disposal	239,684	242,788
Auditor's remuneration (including VAT)	<u>5,520</u>	<u>5,750</u>

6. Directors emoluments

The remuneration paid to the directors (defined as the Committee of Management and Chief Executive of Hawthorn Housing Co-operative Limited) was:-

	2015 £	2014 £
Total emoluments (including pension contributions and benefits in kind)	<u>72,485</u>	<u>68,524</u>
Total emoluments (excluding pension contributions) to the highest paid director amounted to	<u>65,195</u>	<u>62,522</u>
Total emoluments (excluding pension contributions) to the Chairman amounted to	<u>Nil</u>	<u>Nil</u>
None of the other Committee Members received any remuneration during the year.		
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax.	<u>717</u>	<u>648</u>

Contributions totalling £7,290 (2014 - £6,002) were made to the personal pension scheme of the Chief Executive. Her pension arrangements were on the same basis as other members of staff with no enhanced or special terms.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

11. Tangible fixed assets-housing properties

	Housing properties held for letting £
Cost (net of grants) or valuation	
At 01.04.14	9,165,740
Additions	35,417
Disposals	(363)
At 31.03.15	<u>9,200,794</u>
Depreciation	
At 01.04.14	220,986
Charge for year	215,985
Disposals	(363)
At 31.03.15	<u>436,608</u>
NBV at 31.03.15	<u>8,764,186</u>
NBV at 31.03.14	<u>8,944,754</u>

All housing property is freehold.

Development allowances of £1,640 (2014 - £1,527) were received during the year and administration costs of the same value were capitalised.

Completed housing properties were revalued on the basis of existing use value for social housing at 21st May 2013 by Allied Scotland, Chartered Surveyors. This value has been incorporated in the financial statements. The valuation report has been made in accordance with the RICS Appraisal and Valuation Manual.

If housing property had not been revalued it would have been shown as the following :-

	2015 £	2014 £
Cost of properties	17,495,880	17,442,599
Less : Social Housing and other grants	<u>13,750,908</u>	<u>13,732,681</u>
	3,744,972	3,709,918
Less : depreciation	1,244,552	1,111,826
	<u>2,500,420</u>	<u>2,598,092</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

12. Tangible fixed assets - other fixed assets

	Office property £	Office equipment £	Furniture & fittings £	Computer equipment £	Total £
Cost					
At 01.04.14	556,393	9,732	23,759	20,369	610,253
Additions	-	4,530	-	732	5,262
Disposals	-	(2,286)	-	-	(2,286)
At 31.03.15	<u>556,393</u>	<u>11,976</u>	<u>23,759</u>	<u>21,101</u>	<u>613,229</u>
Depreciation					
At 01.04.14	55,639	3,340	17,295	14,451	90,725
Charge for year	11,128	1,198	4,067	6,163	22,556
Disposals	-	(1,143)	-	-	(1,143)
At 31.03.15	<u>66,767</u>	<u>3,395</u>	<u>21,362</u>	<u>20,614</u>	<u>112,138</u>
NBV at 31.03.15	<u>489,626</u>	<u>8,581</u>	<u>2,397</u>	<u>487</u>	<u>501,091</u>
NBV at 31.03.14	<u>500,754</u>	<u>6,392</u>	<u>6,464</u>	<u>5,918</u>	<u>519,528</u>

2015
£

2014
£

13. Debtors

Rental debtors	42,664	33,486
Prepayments and accrued income	6,372	45,793
Grants receivable	992	90,675
	<u>50,028</u>	<u>169,954</u>

Rental arrears are stated net of a provision for bad debts totalling £11,441 (2014 - £8,746).

2015
£

2014
£

14. Creditors due within one year

Bank overdraft	-	123,719
Rent in advance	48,706	46,392
Current instalments of housing loans	90,994	85,697
Accruals and deferred income	59,478	69,211
Social security and other taxes	10,747	-
Taxation	1,556	1,459
	<u>211,481</u>	<u>326,478</u>

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

15. Creditors due outwith one year

	2015	2014
	£	£
Housing Loans	<u>1,363,698</u>	<u>1,451,378</u>
Loans are secured by specific charges on the co-operative properties and are repayable over a period of eleven to twenty six years at varying rates of interest from 1.7013% to 1.813% in instalments due as follows:-		
	£	£
Due within one year	<u>90,994</u>	<u>85,697</u>
Between one and two years	91,948	86,600
Between two and five years	281,678	265,317
In five or more years	<u>990,072</u>	<u>1,099,461</u>
	<u>1,363,698</u>	<u>1,451,378</u>

16. Share capital

Shares of £1 each issued and fully paid

Allotted, issued and fully paid

At 01.04.14	327	327
Issued during year	15	17
Forfeited during year	<u>(15)</u>	<u>(17)</u>
Balance at 31.03.15	<u>327</u>	<u>327</u>

Each shareholder of the Co-operative holds only one share and is entitled to vote at general meetings of the Co-operative. Shares carry no right to dividend or distribution on a winding up. When a shareholder ceases to be a member that person's share is cancelled and the amount paid thereon becomes the property of the Co-operative. Each member has a right to vote at member meetings.

17. Revaluation reserve

	2015
	£
Balance brought forward	6,346,663
Adjustment for depreciation on revalued amount	<u>(82,896)</u>
	<u>6,263,767</u>

18. Capital commitments

There were no capital commitments at 31st March 2015 or 31st March 2014.

19. Contingent liabilities

The Co-operative has no known contingent liabilities at 31st March 2015 (2014 - £Nil).

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

20. Pensions

The Co-operative participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

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

The Scheme offers six 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.
- Defined Contribution (DC) option.

The Co-operative has elected to discontinue the final salary scheme and operate the DC benefit option for active members with effect from 1st November 2014.

During the accounting period Hawthorn Housing Co-operative Limited paid contributions at the rate of 9.6% to 12.3% of pensionable salaries. Member contributions varied between 4.6% and 12.3%.

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 commingled 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 30th September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

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.

HAWTHORN HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2015/Cont...

20. Pensions/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 Associations' Pension Scheme based on the financial position of the Scheme as at 30th September 2014. As of this date the estimated employer debt for the Co-operative was £1,822,347.

The total pension cost for the Co-operative was £74,661 (2014 - £38,374) of which £7,105 (2014 - £4,616) was unpaid and is included in creditors.

21. Legislative provisions

The Co-operative is incorporated under the Co-operative and Community Benefit Societies Act 2014.

22. Reconciliation of movement in accumulated surplus

	2015 £	2014 £
Revenue Reserve b/fwd	2,787,610	2,673,280
Transfer from revaluation reserve	82,896	82,896
Surplus for the year	86,168	31,434
	<u>2,956,674</u>	<u>2,787,610</u>

23. Related party transactions

All members of the Management Committee are tenants of the Co-operative. Their transactions with the Co-operative are all done on standard terms as applicable to all tenants and they cannot use their position to their advantage.

Ann Lawrance, a member of the Committee, is employed as a manager by Young People's Futures, a local charity. During the year, the Co-operative made a donation of £250 to that organisation to assist with their Funday and provided sponsorship of £500 towards the cost of the football team.

24. Housing stock

	2015	2014
General needs - new build	125	125
- rehabilitation	191	191
	<u>316</u>	<u>316</u>