

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012

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DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2012

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DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH, 2012

Auditors

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

Bankers

Bank of Scotland
Anniesland Branch
836 Crow Road
Glasgow,
G13 1ET

Legal advisors

Naftalin Duncan & Co
534 Sauchiehall Street,
Glasgow,
G2 3LX

Registered Office

4 Kinclaven Avenue
Drumchapel
Glasgow,
G15 7SP

Registration particulars

Scottish Housing Regulator registration number: HAC 185

Financial Services Authority: Industrial and Provident Societies Act 1965
Registration number: 2222R

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH, 2012

The Committee of Management present their report and the audited financial statements for the year ended 31st March, 2012.

Principal activities

The principal activities of the Co-operative are the provision, construction, improvement and management of rented accommodation on the co-operative principle.

Review of business

The results for the year are as shown in the attached Income and Expenditure Account. The surplus for the year was £297,830 (2011 - £224,494 amended), and the sum of £54,489 was transferred to reserves (2011 - £33,734).

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

. R. Dhir

Committee of Management

. H. Eakin	(Chairperson)	. L. Beazley	(Resigned 26.07.11)
. R. Bryden	(Secretary)	. G. Syme	(Resigned 26.07.11)
. M. Irwin	(Treasurer)	. C. Blair	(Resigned 26.07.11)
. M. Bowie		. J. McAllister	
. M. Sitarz		. S. Fraser	(Appointed 26.07.11)
. S. Da Silva Valente	(Resigned 27.03.12)	. J. Fraser	(Appointed 25.08.11)

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. The members to retire shall be those who have been longest in office since they last became members of the Committee.

Each member of the Committee of Management 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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DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

Statement of Committee's responsibilities

Housing Association legislation 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007. 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 on page three, 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 re-appoint the auditors, Armstrongs, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee

Ruby Brydon M.B.F

Secretary

Dated : 24th July 2012 .

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED
COMMITTEE STATEMENT ON THE CO-OPERATIVE'S
SYSTEM OF INTERNAL FINANCIAL CONTROL
FOR THE YEAR ENDED 31ST MARCH, 2012

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;
- . 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 2012 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

Ruby Byrdon MBE
Secretary

Dated: 24th July 2012

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

REPORT OF THE AUDITORS ON THE COMMITTEE

STATEMENT ON THE CO-OPERATIVE'S SYSTEM OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31ST MARCH, 2012

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee's statement concerning the Co-operative's compliance with the information required by the section on internal financial control within SFHA's publication "Raising Standards in Housing".

Basis of opinion

We carried out our review having regard to the Bulletin "Disclosures Relating to Corporate Governance" issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the Guidance Notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the statement on internal financial control has provided the disclosures required by the section on internal financial control within SFHA's publication "Raising Standards in Housing" 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 section on internal financial control within SFHA's publication "Raising Standards in Housing".



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 : 20th August 2012

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

We have audited the financial statements for the year ended 31st March 2012 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007.

This report is made solely to the Co-operative's members, as a body, in accordance with Industrial and Provident Societies Acts 1965 to 2002. 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, the Committee are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Co-operative's affairs as at 31st March 2012 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007.

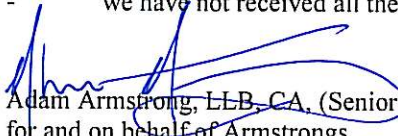
Opinion on Committee Report

In our opinion the information given in the Report of the Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the current legislation requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Committee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require 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 : 20th August 2012

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	2012	Restated 2011
		£	£
Turnover	2	1,696,100	1,664,855
Operating costs	2	1,303,622	1,338,348
Operating surplus		<u>392,478</u>	<u>326,507</u>
Interest receivable and other income	8	17,919	3,173
Interest payable and similar charges	9	(112,567)	(105,186)
Surplus/(deficit) on ordinary activities before taxation		<u>297,830</u>	<u>224,494</u>
Tax on surplus on ordinary activities	10	6,450	3,421
Surplus/(deficit) on ordinary activities after taxation		<u><u>291,380</u></u>	<u><u>221,073</u></u>

The results for the year wholly relate to continuing activities.

There is no difference between the surplus on ordinary activities for each year and their historical cost equivalents.

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH 2012

	2012	Restated
	£	2011
		£
Surplus for the year	297,830	<u>224,494</u>
Prior year adjustment	(756,977)	
Total gains and losses recognised since last annual report	<u>(459,147)</u>	

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2012

	Notes	2012 £	Restated 2011 £
Tangible fixed assets			
Housing properties (net of depreciation)	11	24,158,941	24,089,109
Less : grants	11	<u>19,795,026</u>	<u>19,985,551</u>
		4,363,915	4,103,558
Other assets	12	<u>370,902</u>	<u>372,295</u>
		<u>4,734,817</u>	<u>4,475,853</u>
Current assets			
Stocks	13	811	650
Investments	14	1,507,312	1,656,468
Debtors	15	91,308	51,298
Cash at bank and in hand		<u>1,709</u>	<u>64,905</u>
		<u>1,601,140</u>	<u>1,773,321</u>
Creditors : amounts falling due within one year	16	351,885	842,593
Net current assets		<u>1,249,255</u>	<u>930,728</u>
Total assets less current liabilities		5,984,072	5,406,581
Creditors : amounts falling due after more than one year	17	(4,059,046)	(3,772,939)
Net assets		<u>1,925,026</u>	<u>1,633,642</u>
Capital and reserves			
Share capital	19	484	480
Designated reserves	20	208,627	154,138
Accumulated surplus	26	<u>1,715,915</u>	<u>1,479,024</u>
		<u>1,925,026</u>	<u>1,633,642</u>

These financial statements were approved by the Committee on 24th July 2012 and signed on their behalf by:

Chairperson *Margaret Bowie*

Committee Member *Margaret Gurner*

Secretary *Ruby Bryden M.B.F.*

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

	2012	Restated
	£	2011 £
Net cash inflow from operating activities	<u>534,864</u>	<u>502,340</u>
Returns on investments and servicing of finance		
Interest received	3,713	2,867
Interest paid	(112,567)	(105,186)
	<u>(108,854)</u>	<u>(102,319)</u>
Taxation		
Corporation tax paid	(3,349)	(3,178)
Capital expenditure		
Payments to acquire and develop housing properties	(444,996)	(215,583)
Payments to acquire other fixed assets	(12,136)	(2,990)
Grants received	15,085	42,448
Net cash outflow from investing activities	<u>(442,047)</u>	<u>(176,125)</u>
Net cash inflow before financing	<u>(19,386)</u>	<u>220,718</u>
Financing		
Share capital issued	40	56
Housing loans repaid	(193,006)	(173,289)
Housing loans received	-	182,406
	<u>(192,966)</u>	<u>9,173</u>
Increase/(decrease) in cash and cash equivalents	<u>(212,352)</u>	<u>229,891</u>
Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash in the year	(212,352)	229,891
Cash inflow/(outflow) from change in loan finance	193,006	(9,117)
Change in net debt resulting from cash flows	<u>(19,346)</u>	<u>220,774</u>
Net debt at 01.04.11	<u>(2,727,647)</u>	<u>(2,948,421)</u>
Net debt at 31.03.12	<u>(2,746,993)</u>	<u>(2,727,647)</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

	2012 £	Restated 2011 £
1. Reconciliation of surplus for the year to net cashflow from operating activities		
Operating surplus	392,478	326,507
Depreciation	185,319	162,303
(Increase)/decrease in stocks	(161)	289
(Increase)/decrease in debtors	(28,040)	(210)
Increase/(decrease) in creditors	(14,696)	13,498
Forfeited shares	(36)	(47)
	<u>534,864</u>	<u>502,340</u>

2. Analysis of net debt

	At 31.03.12 £	Cash flow £	Other non-cash changes £	At 01.04.11 £
Deposit accounts	1,507,312	(149,156)	-	1,656,468
Bank overdraft	-	-	500,105	(500,105)
Cash at bank	1,709	(63,196)	-	64,905
Debt due within one year	(196,968)	175,976	(196,968)	(175,976)
Debt due after one year	(4,059,046)	17,030	(303,137)	(3,772,939)
	<u>(2,746,993)</u>	<u>(19,346)</u>	<u>-</u>	<u>(2,727,647)</u>

	At 31.03.11 £	Cash flow £	Other non-cash changes £	At 01.04.10 £
Deposit accounts	1,656,468	742,270	-	914,198
Bank overdraft	(500,105)	(500,105)	-	-
Cash at bank	64,905	(12,274)	-	77,179
Debt due within one year	(175,976)	168,418	(175,976)	(168,418)
Debt due after one year	(3,772,939)	(177,535)	175,976	(3,771,380)
	<u>(2,727,647)</u>	<u>220,774</u>	<u>-</u>	<u>(2,948,421)</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

1. Principal accounting policies

The Co-operative is incorporated under the Industrial and Provident Societies Act 1985 and is registered by the Financial Services Authority.

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by registered social landlords (2008) and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007. 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

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation.

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

The Co-operative adopted component accounting during the financial year. 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.

Building	50 years	Render	30 years
Roof	50 years	Wiring	30 years
Doors	25 years	Close Doors	15 years
Windows	25 years	Common Stairs	15 years
Radiators	20 years	Control Entry	20 years
Boilers	15 years		
Bathrooms	25 years		
Kitchens	15 years		

The year to March 2012 represents the first full year of implementation of component accounting (prior to this only three components - land, building and grant were recognised).

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

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

1. Principal accounting policies/Cont...

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.

Stock

Stock is stated at the lower of cost and net realisable value.

Development administration costs

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

Cyclical and planned maintenance

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

Designated reserves

The Co-operative has designated part of its surplus to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works. Because of the introduction of component accounting, whereby the replacement of components is now capitalised, the element of designated reserves relating to these components has been written back to the revenue reserve.

Pension costs

The Co-operative participates in the centralised SFHA 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.

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

2. Particulars of turnover, operating costs and operating surpluses/(deficits)

	Turnover £	2012 Operating costs £	Operating surplus £
Social lettings	1,680,960	1,294,884	386,076
Other activities	15,140	8,738	6,402
Total	<u>1,696,100</u>	<u>1,303,622</u>	<u>392,478</u>
	Turnover £	Restated 2011 Operating costs £	Operating surplus £
Social lettings	1,611,995	1,293,305	318,690
Other activities	52,860	45,043	7,817
Total	<u>1,664,855</u>	<u>1,338,348</u>	<u>326,507</u>

3. Particulars of income and expenditure from lettings

	General needs housing £	Supported housing £	2012 Total £	Restated 2011 Total £
Income from lettings				
Rent receivable net of identifiable service charges	1,607,975	43,586	1,651,561	1,580,200
Service charges	48,295	1,949	50,244	47,999
Gross income from rents and service charges	<u>1,656,270</u>	<u>45,535</u>	<u>1,701,805</u>	<u>1,628,199</u>
Less: voids	(20,845)	-	(20,845)	(16,204)
Total turnover from social letting activities	<u>1,635,425</u>	<u>45,535</u>	<u>1,680,960</u>	<u>1,611,995</u>
Expenditure on lettings				
Service costs	41,627	1,251	42,878	39,636
Management and maintenance administration costs	712,849	21,653	734,502	720,948
Routine maintenance	176,717	2,741	179,458	188,091
Bad debts - rents and service charges	31,863	-	31,863	20,635
Planned and cyclical maintenance including major repairs	134,397	-	134,397	177,625
Depreciation of social housing	167,132	4,654	171,786	146,370
Operating costs for social letting activities	<u>1,264,585</u>	<u>30,299</u>	<u>1,294,884</u>	<u>1,293,305</u>
Operating surplus for social lettings for 2012	<u>370,840</u>	<u>15,236</u>	<u>386,076</u>	<u>318,690</u>
Operating surplus for social lettings for 2011	<u>305,725</u>	<u>12,965</u>	<u>318,690</u>	

No service charges were receivable on housing accommodation not eligible for Housing Benefit (2011 - £Nil).

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

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

	Other Income	Operating costs	2012 Total	Restated 2011 Total
	£	£	£	£
Commercial rent	15,104	850	14,254	13,119
Wider role	-	7,888	(7,888)	(5,349)
Forfeited shares	36	-	36	47
Total of other activities for 2012	<u>15,140</u>	<u>8,738</u>	<u>6,402</u>	<u>7,817</u>
Total of other activities for 2011	<u>52,860</u>	<u>45,043</u>	<u>7,817</u>	

5. Directors emoluments

The remuneration paid to the directors (defined as the committee of management and chief executive of Drumchapel Housing Co-operative Limited) was:-

	2012	2011
	£	£
Total emoluments (including pension contributions)	<u>90,448</u>	<u>80,714</u>
Total emoluments (excluding pension contributions) to the highest paid director amounted to	<u>75,830</u>	<u>70,082</u>
Total emoluments (excluding pension contributions) to the Chairman amounted to	<u>Nil</u>	<u>Nil</u>
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax	<u>576</u>	<u>207</u>

The director is an ordinary member of the co-operative's pension scheme described in Note 23. No enhanced or special terms apply to membership and she has no other pension arrangements to which the co-operative contributes. The co-operative's contributions for the director in the year amounted to £14,618 (2011 - £10,632).

There were no other officers who received emoluments of £60,000 or more during the year.

None of the committee members received any remuneration during the year.

6. Employee information

The monthly average number of full-time equivalent employees during the year was as follows:-

Administrative staff	<u>13</u>	<u>12</u>
Staff costs (including executive emoluments)	2012	2011
	£	£
Wages and salaries	446,101	429,496
Social security costs	41,377	37,592
Pension contributions	80,707	60,185
Temporary, seconded or agency staff costs	840	-
	<u>569,025</u>	<u>527,273</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

	2012	Restated 2011
7. Operating surplus		
Operating surplus is stated after charging:-	£	£
Depreciation	185,315	156,277
Auditor's remuneration (including VAT)	<u>5,478</u>	<u>5,280</u>
8. Interest received and similar income		
Interest Receivable	<u>17,919</u>	<u>3,173</u>
9. Interest payable and similar charges		
On bank and building society loans repayable by instalments wholly or partly in more than five years	<u>112,567</u>	<u>105,186</u>
10. Taxation		
Corporation tax has been provided on the Case III untaxed interest received and other non-rental income at the rate of 20% (2011 - 21%).		
11. Tangible fixed assets - housing properties		
		Housing properties held for letting £
Cost		
At 01.04.11		25,780,228
Additions		444,996
Disposals		(244,252)
At 31.03.12		<u>25,980,972</u>
Housing Association Grant		
At 01.04.11		17,138,602
Received		12,849
Disposals		(203,374)
At 31.03.12		<u>16,948,077</u>
Other grants		
At 01.04.11 and 31.03.12		<u>2,846,949</u>
Depreciation		
At 01.04.11 - Restated		1,691,119
Charge for year		166,217
Disposals		(35,305)
At 31.03.12		<u>1,822,031</u>
Net book value at 31.03.12		<u>4,363,915</u>
Net book value at 31.03.11		<u>4,103,558</u>

Development administration costs capitalised amounted to £1,168 for which Housing Association Grants amounting to £1,168 were received in the year.

All properties are freehold.

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

12. Tangible fixed assets - other fixed assets

	Office Premises	Furniture & Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost					
At 01.04.11	427,463	14,448	23,021	89,078	554,010
Additions	-	-	7,005	5,131	12,136
At 31.03.12	<u>427,463</u>	<u>14,448</u>	<u>30,026</u>	<u>94,209</u>	<u>566,146</u>
Depreciation					
At 01.04.11	65,112	13,347	17,683	85,573	181,715
Charge for year	8,549	506	2,233	2,241	13,529
At 31.03.12	<u>73,661</u>	<u>13,853</u>	<u>19,916</u>	<u>87,814</u>	<u>195,244</u>
Net book value at 31.03.12	<u>353,802</u>	<u>595</u>	<u>10,110</u>	<u>6,395</u>	<u>370,902</u>
Net book value at 31.03.11	<u>362,351</u>	<u>1,101</u>	<u>5,338</u>	<u>3,505</u>	<u>372,295</u>

	2012 £	2011 £
13. Stocks		
Maintenance materials	<u>811</u>	<u>650</u>
14. Current asset investments	2012 £	2011 £
Deposit accounts	<u>1,507,312</u>	<u>1,656,468</u>
15. Debtors	2012 £	2011 £
Rental arrears	37,732	34,358
Other debtors and prepayments	53,576	14,704
Grants receivable	-	2,236
	<u>91,308</u>	<u>51,298</u>

Rental arrears are stated net of a provision for bad debts which amounts to £50,355 (2011 - £39,270).

	2012 £	2011 £
16. Creditors due within one year		
Bank loans	196,968	175,976
Trade creditors	50,148	58,763
Social security and other taxes	11,552	11,710
Accruals and deferred income	23,967	30,404
Rent in advance	62,726	62,212
Taxation	6,524	3,423
Bank overdraft	-	500,105
	<u>351,885</u>	<u>842,593</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

	2012 £	2011 £
17. Creditors : amounts falling due after more than one year		
Property loans (see note 18)	<u>4,059,046</u>	<u>3,772,939</u>

18. Bank loans

Loans are secured by specific charges on the Co-operative properties and repayable at rates varying from 1.42% to 5.49% in instalments, which will mature over a period of seven to thirty one years, due as follows :-

Within one year (Note 16)	196,968	175,976
Between one and two years	201,742	180,011
Between two and five years	635,760	565,927
In five years or more	<u>3,221,544</u>	<u>3,027,001</u>
	<u>4,256,014</u>	<u>3,948,915</u>

19. Called up share capital

Ordinary Shares of £1 each

	2012	2011
Allotted, issued and fully paid		
At 01.04.11	480	471
Issued at par during year	40	56
Forfeited during year	(36)	(47)
Balance at 31.03.12	<u>484</u>	<u>480</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.

20. Designated reserves

Cyclical
maintenance
£

Balance at 01.04.11	154,138
Transfers : from Income & Expenditure A/C	<u>54,489</u>
Balance at 31.03.12	<u>208,627</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

21. Housing stock

	2012	2011
The number of units of accommodation in management at the year end was :-		
General Needs - New Build	206	206
- Rehabilitation	260	260
Supported Housing	<u>14</u>	<u>14</u>
	<u>480</u>	<u>480</u>

22. Capital commitments

	2012	2011
	£	£
Expenditure authorised and contracted	<u>-</u>	<u>17,264</u>

The expenditure will be financed by a portfolio of development funding as and when required.

23. 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.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the 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 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 30th 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 buyout 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.

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DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

23. 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 currently participating 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 performances, 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 Scheme based on the financial position of the Scheme as at 30th September 2011. As of that date the estimated employer debt for the Co-operative was £3,270,461.

24. 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. Mr John Fraser, a member of the Management Committee, has a balance due to the Co-operative of £918. This balance is in respect of rent arrears.

Two of the Committee members are members of Drumcog. A subscription of £700 was paid to that organisation.

The Executive Officer of the Association, Ms Rani Dhir, is a Trustee of Path Scotland Ltd. A subscription of £850 was made to that organisation during the year.

Ms Dhir is also the Chairperson of 'Happy to Translate'. A subscription of £300 was paid to that organisation during the year.

25. Legislative Provisions

The Co-operative is incorporated under the Industrial and Provident Societies Act 1965.

26. Reconciliation of movement in accumulated surplus

	2012 £	Restated 2011 £
Revenue reserve b/fwd - Restated	1,479,024	1,291,685
Surplus/(deficit) for the year	291,380	221,073
Transfer from/(to) designated reserves	(54,489)	(33,734)
	<u>1,715,915</u>	<u>1,479,024</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

27. **Prior Year Adjustment**

During the year the Co-operative changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs that relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard - Accounting Policies as follows:

Major repairs capitalised	£ 105,961
Social Housing Grant written off	£ 40,580
Additional depreciation charged	£ 903,518

The overall effect of these adjustments has been to decrease the net book value of housing properties and decrease reserves brought forward at 1st April 2011 by £756,977. Total Reserves have decreased from £2,390,139 to £1,633,162 and the net book value of housing properties has decreased from £4,860,535 to £4,103,558. As the components included in the planned maintenance programme are now capitalised, the balance on the planned maintenance reserve has now been transferred to the Revenue Reserve.

Of the prior year adjustment, £19,777 related to 2011 in respect of major repairs capitalised of £39,199 and additional property depreciation charged of £58,976. This resulted in the surplus reported for the year ended 31st March 2011 decreasing from £244,271 to £224,494.