

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2010**



**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010**

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**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**ADVISERS AND REGISTERED OFFICE**

**FOR THE YEAR ENDED 31ST MARCH, 2010**

**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**

Communities Scotland 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, 2010.

The Committee of Management present their report and the audited financial statements for the year ended 31<sup>st</sup> March, 2010.

### 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 deficit for the year was £53,848 (2009 surplus - £39,962), and the sum of £170,530 was transferred from reserves (2009 - £25,277).

### 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)	. M. Cassidy	(Resigned 28.4.09)
. R. Bryden	(Secretary)	. L. Beazley	
. M. Irwin	(Treasurer)	. G. Marchi	(Resigned 26.5.09)
. R. Stevenson	(Resigned 23.3.10)	. G. Syme	
. M. Bowie		. P. McAllister	(Appointed 20.8.09)
. A. Sitarz	(Appointed 20.8.09)	. L. McAleese	(Appointed 17.11.09)

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.

/Cont...

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31ST MARCH, 2010/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 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

*Andy Bryden M.B.A.*

Secretary

Dated : 26/08/2010

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**  
**COMMITTEE STATEMENT ON THE CO-OPERATIVE'S**  
**SYSTEM OF INTERNAL FINANCIAL CONTROL**  
**FOR THE YEAR ENDED 31ST MARCH, 2010**

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 31<sup>st</sup> March 2010 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 Bayden A.S.E*

Secretary

Dated : 26/03/2010

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, 2010

**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".

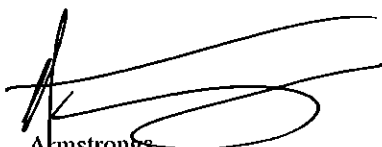
**Basis of opinion**

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".



Armstrongs,  
Statutory Auditor,  
Chartered Accountants,  
Victoria Chambers,  
142, West Nile Street,  
Glasgow.  
G1 2RQ.

Dated : 26th August 2010

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

We have audited the financial statements of Drumchapel Housing Co-operative Limited for the year ended 31<sup>st</sup> March 2010 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Co-operative's members, as a body, in accordance with Industrial and Provident Societies Act 1965. 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 directors and auditors**

The Committee's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Committee's Responsibilities on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant legislation. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained if the Co-operative has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the information contained in the Report of the Committee and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

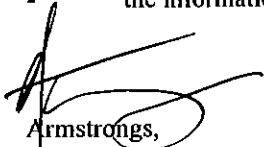
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Co-operative's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

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 31<sup>st</sup> March 2010 and of its deficit for the year then ended;
- 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;
- and
- the information given in the Report of the Committee is consistent with the financial statements.

  
Armstrongs,  
Statutory Auditor,  
Chartered Accountants,  
Victoria Chambers,  
142, West Nile Street,  
Glasgow, G1 2RQ.

Dated: 26th August 2010



**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31ST MARCH, 2010**

	Notes	2010 £	2009 £
Turnover	2	1,566,531	1,477,775
Operating costs	2	1,507,376	1,246,727
Operating surplus		<u>59,155</u>	<u>231,048</u>
Interest receivable and other income	8	2,723	18,743
Interest payable and similar charges	9	( 112,323)	( 203,083)
Surplus/(deficit) on ordinary activities before taxation		<u>( 50,445 )</u>	<u>46,708</u>
Tax on surplus on ordinary activities	10	3,403	6,746
Surplus/(deficit) on ordinary activities after taxation		<u>( 53,848 )</u>	<u>39,962</u>

The results for the year wholly relate to continuing activities.

The Co-operative has no recognised gains and losses other than those included in the surpluses shown.

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

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2010

	Notes	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties (net of depreciation)	11	24,934,011	24,886,193
Less : grants	11	<u>19,990,250</u>	<u>19,937,215</u>
		4,943,761	4,948,978
Other assets	12	<u>385,238</u>	<u>400,459</u>
		<u>5,328,999</u>	<u>5,349,437</u>
<b>Current assets</b>			
Stocks	13	939	1,409
Investments	14	914,198	925,114
Debtors	15	57,349	60,036
Cash at bank and in hand		<u>77,179</u>	<u>144,046</u>
		<u>1,049,665</u>	<u>1,130,605</u>
Creditors : amounts falling due within one year	16	457,524	423,606
		<u>592,141</u>	<u>706,999</u>
Net current assets			
		<u>592,140</u>	<u>6,056,436</u>
Total assets less current liabilities		5,921,140	6,056,436
Creditors : amounts falling due after more than one year	17	( 3,771,380)	( 3,852,837)
		<u>2,149,760</u>	<u>2,203,599</u>
Net assets			
		<u>2,149,760</u>	<u>2,203,599</u>
<b>Capital and reserves</b>			
Share capital	19	471	462
Designated reserves	20	1,800,296	1,970,826
Accumulated surplus	26	<u>348,993</u>	<u>232,311</u>
		<u>2,149,760</u>	<u>2,203,599</u>

These financial statements were approved by the Committee on 26 - 08 - 2010 and signed on their behalf by:

.....Margaret Barrie..... Chairperson

.....Peggy Johnson..... Committee Member

.....Archie Binshaw M.B.E..... Secretary

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31ST MARCH, 2010**

	2010 £	2009 £
<b>Net cash inflow from operating activities</b>	<u>275,684</u>	<u>379,977</u>
<b>Returns on investments and servicing of finance</b>		
Interest received	2,723	19,362
Interest paid	( 112,323)	( 203,083)
	<u>( 109,600)</u>	<u>( 183,721)</u>
<b>Taxation</b>		
Corporation tax paid	( 6,938)	( 9,853)
<b>Capital expenditure</b>		
Payments to acquire and develop housing properties	( 171,986)	( 188,569)
Payments to acquire other fixed assets	( 2,729)	( 6,019)
Grants received	47,213	232,097
<b>Net cash outflow from investing activities</b>	<u>( 127,502)</u>	<u>37,509</u>
<b>Net cash inflow before financing</b>	<u>31,644</u>	<u>223,912</u>
<b>Financing</b>		
Share capital issued	59	36
Housing loans repaid	( 109,486)	( 132,760)
	<u>( 109,427)</u>	<u>( 132,724)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<u>( 77,783)</u>	<u>91,188</u>
<b>Reconciliation of net cash flow to movement in net debt</b>		
Increase/(decrease) in cash in the year	( 77,783)	91,188
Cash outflow from decrease in loan finance	109,486	132,760
<b>Change in net debt resulting from cash flows</b>	<u>31,703</u>	<u>223,948</u>
<b>Net debt at 01.04.09</b>	( 2,980,124)	( 3,204,072)
<b>Net debt at 31.03.10</b>	<u>( 2,948,421)</u>	<u>( 2,980,124)</u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

	2010 £	2009 £
<b>1. Reconciliation of surplus for the year to net cashflow from operating activities</b>		
Operating surplus/(deficit)	59,155	231,048
Depreciation	105,334	107,030
(Increase)/decrease in stocks	470	468
(Increase)/decrease in debtors	8,509	11,046
Increase/(decrease) in creditors	102,266	30,429
Forfeited shares	( 50)	( 44)
	<u>275,684</u>	<u>379,977</u>

**2. Analysis of net debt**

	At 31.03.10 £	Cash flow £	Other non-cash changes £	At 01.04.09 £
Current asset investment	914,198	( 10,916)	-	925,114
Cash at bank	77,179	( 66,867)	-	144,046
Debt due within one year	( 168,418)	196,447	( 168,418)	( 196,447)
Debt due after one year	( 3,771,380)	( 86,961)	168,418	( 3,852,837)
	<u>( 2,948,421)</u>	<u>31,703</u>	<u>-</u>	<u>( 2,980,124)</u>

	At 31.03.09 £	Cash flow £	Other non-cash changes £	At 01.04.08 £
Current asset investment	925,114	36,340	-	888,774
Cash at bank	144,046	54,848	-	89,198
Debt due within one year	( 196,447)	169,734	( 196,447)	( 169,734)
Debt due after one year	( 3,852,837)	( 36,974)	196,447	( 4,012,310)
	<u>( 2,980,124)</u>	<u>223,948</u>	<u>-</u>	<u>( 3,204,072)</u>

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010**

**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. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties of fifty years.

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.

**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

**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.

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**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010**

**1. Principal accounting policies/Cont...**

**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 long term obligations.

- \* The cyclical maintenance reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.
- \* The planned maintenance reserve is based on the Co-operative's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

**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.

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

	<b>Turnover</b>	<b>2010 Operating costs</b>	<b>Operating surplus</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Social lettings			
Other activities	1,551,399	1,502,630	48,769
	<u>15,132</u>	<u>4,746</u>	<u>10,386</u>
<b>Total</b>	<u><b>1,566,531</b></u>	<u><b>1,507,376</b></u>	<u><b>59,155</b></u>
		<b>2009</b>	
	<b>Turnover</b>	<b>Operating costs</b>	<b>Operating surplus</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Social lettings	1,464,025	1,246,727	217,298
Other activities	13,750	-	13,750
<b>Total</b>	<u><b>1,477,775</b></u>	<u><b>1,246,727</b></u>	<u><b>231,048</b></u>

DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2010/Cont...

3. Particulars of income and expenditure from lettings

	General needs housing £	Supported housing £	2010 Total £	2009 Total £
<b>Income from lettings</b>				
Rent receivable net of identifiable service charges	1,512,564	39,821	1,552,385	1,458,574
Service charges	44,192	2,875	47,067	45,015
<b>Gross income from rents and service charges</b>	<u>1,556,756</u>	<u>42,696</u>	<u>1,599,452</u>	<u>1,503,589</u>
Less: voids	( 46,568)	( 1,485)	( 48,053)	( 39,564)
<b>Total turnover from social letting activities</b>	<u>1,510,188</u>	<u>41,211</u>	<u>1,551,399</u>	<u>1,464,025</u>
<b>Expenditure on lettings</b>				
Service costs	38,291	1,150	39,441	43,607
Management and maintenance administration costs	693,604	20,838	714,442	645,706
Reactive maintenance	224,126	2,282	226,408	225,783
Bad debts - rents and service charges	( 7,939)	-	( 7,939)	13,424
Planned and cyclical maintenance including major repairs	430,826	12,068	442,894	230,823
Depreciation of social housing	84,569	2,815	87,384	87,384
<b>Operating costs for social letting activities</b>	<u>1,463,477</u>	<u>39,153</u>	<u>1,502,630</u>	<u>1,246,727</u>
<b>Operating surplus for social lettings for 2010</b>	<u>46,711</u>	<u>2,058</u>	<u>48,769</u>	<u>217,298</u>
<b>Operating surplus for social lettings for 2009</b>	<u>204,770</u>	<u>12,528</u>	<u>217,298</u>	

No service charges were receivable on housing accommodation not eligible for Housing Benefit (2009 - £Nil).

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

	Other Income £	Operating costs £	2010 Total £	2009 Total £
Commercial rent	15,082	2,662	12,420	13,706
Wider role	-	2,084	( 2,084)	-
Forfeited shares	50	-	50	44
<b>Total of other activities for 2010</b>	<u>15,132</u>	<u>4,746</u>	<u>10,386</u>	<u>13,750</u>
<b>Total of other activities for 2009</b>	<u>13,750</u>	<u>-</u>	<u>13,750</u>	

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010/Cont...**

**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:-

	2010 £	2009 £
Total emoluments (including pension contributions)	<u>84,291</u>	<u>76,815</u>
Total emoluments (excluding pension contributions) to the highest paid director amounted to	<u>73,859</u>	<u>67,004</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>1,052</u>	<u>1,185</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 £10,432 (2009 - £9,811).

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>11</u>	<u>11</u>
Staff costs (including executive emoluments)		
Wages and salaries	417,869	361,801
Social security costs	36,634	32,831
Pension contributions	55,065	51,308
Temporary, seconded or agency staff costs	114	15,099
	<u>509,682</u>	<u>461,039</u>

**7. Operating surplus**

Operating surplus is stated after charging:-

Depreciation	105,334	107,030
Auditor's remuneration (including VAT)	<u>5,111</u>	<u>4,887</u>

**8. Interest received and similar income**

Interest Receivable	<u>2,723</u>	<u>18,743</u>
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**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010/Cont...**

	2010 £	2009 £
<b>9. Interest payable and similar charges</b>		
On bank and building society loans repayable wholly or partly in more than five years	<u>112,323</u>	<u>203,083</u>
<b>10. Taxation</b>		
Corporation tax has been provided on the Case III untaxed interest received, and other non-rental income at the rate of 21% (2009 - 21%).		
<b>11. Tangible fixed assets - housing properties</b>		<b>Housing properties held for letting £</b>
<b>Cost</b>		
At 01.04.09		25,499,026
Additions		135,202
At 31.03.10		<u>25,634,228</u>
<b>Housing Association Grant</b>		
At 01.04.09		17,102,050
Received		41,251
At 31.03.10		<u>17,143,301</u>
<b>Other grants</b>		
At 01.04.09		2,835,165
Additions		11,784
At 31.03.10		<u>2,846,949</u>
<b>Depreciation</b>		
At 01.04.09		612,833
Charge for year		87,384
At 31.03.10		<u>700,217</u>
<b>Net book value at 31.03.10</b>		<u>4,943,761</u>
<b>Net book value at 31.03.09</b>		<u>4,948,978</u>

Development administration costs capitalised amounted to £5,760 for which Housing Association Grants amounting to £5,760 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, 2010/Cont...**

**12. Tangible fixed assets - other fixed assets**

	Office Premises	Furniture & Fittings £	Office Equipment £	Computer Equipment £	Total £
<b>Cost</b>					
At 01.04.09	427,463	13,316	21,336	86,176	548,291
Additions	-	1,132	1,289	308	2,729
At 31.03.10	<u>427,463</u>	<u>14,448</u>	<u>22,625</u>	<u>86,484</u>	<u>551,020</u>
<b>Depreciation</b>					
At 01.04.09	48,014	9,516	12,912	77,390	147,832
Charge for year	8,549	2,145	2,491	4,765	17,950
At 31.03.10	<u>56,563</u>	<u>11,661</u>	<u>15,403</u>	<u>82,155</u>	<u>165,782</u>
<b>Net book value at 31.03.10</b>	<u>370,900</u>	<u>2,787</u>	<u>7,222</u>	<u>4,329</u>	<u>385,238</u>
<b>Net book value at 31.03.09</b>	<u>379,449</u>	<u>3,800</u>	<u>8,424</u>	<u>8,786</u>	<u>400,459</u>

2010  
£

2009  
£

**13. Stocks**

Maintenance materials

939      1,409

**14. Current asset investments**

Deposit accounts

914,198      925,114

**15. Debtors**

Rental arrears

40,096      37,525

Other debtors and prepayments

8,450      19,530

Grants receivable

8,803      2,981

57,349      60,036

Rental arrears are stated net of a provision for bad debts which amounts to £36,041 (2009 - £52,940).

**16. Creditors due within one year**

Bank loans

168,418      196,447

Trade creditors

50,972      50,758

Social security and other taxes

11,623      12,359

Accruals and deferred income

162,128      96,189

Rent in advance

61,203      61,138

Taxation

3,180      6,715

457,524      423,606

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010/Cont...**

	2010 £	2009 £
<b>17. Creditors : amounts falling due after more than one year</b>		
Property loans (see note 18)	<u>3,771,380</u>	<u>3,852,837</u>

**18. Bank loans**

Loans are secured by specific charges on the Co-operative properties and repayable at rates varying from 0.84% to 5.49% in instalments, which will mature over a period of fourteen to thirty two years, due as follows :-

Within one year (Note 16)	168,418	196,447
Between one and two years	172,195	204,891
Between two and five years	540,841	669,760
In five years or more	<u>3,058,344</u>	<u>2,978,186</u>
	<u>3,939,798</u>	<u>4,049,284</u>

**19. Called up share capital**

Ordinary Shares of £1 each

	2010	2009
<b>Allotted, issued and fully paid</b>		
At 01.04.09	462	470
Issued at par during year	59	36
Forfeited during year	<u>( 50 )</u>	<u>( 44 )</u>
Balance at 31.03.10	<u>471</u>	<u>462</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**

	Total £	Cyclical maintenance £	Planned maintenance £
Balance at 01.04.09	1,970,826	162,150	1,808,676
Transfers : from/(to) Income & Expenditure A/C	<u>( 170,530 )</u>	<u>( 41,746 )</u>	<u>( 128,784 )</u>
Balance at 31.03.10	<u>1,800,296</u>	<u>120,404</u>	<u>1,679,892</u>

As the development programme has effectively ceased the decision was made to transfer the balance on the reserve to the income and expenditure account. No other transfers were made from reserves which did not relate to the purposes for which the reserves were established.

**DRUMCHAPEL HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2010/Cont...**

**21. Housing stock**

	2010	2009
The number of units of accommodation in management at the year end was :-		
General Needs - New Build	206	206
- Rehabilitation	260	262
Supported Housing	14	13
	<u>480</u>	<u>481</u>

**22. Capital commitments**

	2010	2009
	£	£
Expenditure authorised and contracted	<u>22,922</u>	<u>128,070</u>

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

**23. Pensions**

The Co-operative participates in the SFHA Pension Scheme. The SFHA Pension Scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme 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<sup>th</sup> September 2006 by a professionally qualified actuary using the "projected unit credit" method. The market value of the scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million (equivalent to a past service funding level of 83.4%).

The Scheme Actuary has prepared an actuarial report that provides an approximate update on the funding position of the scheme as at 30<sup>th</sup> September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. The current triennial formal valuation of the scheme as at 30<sup>th</sup> September 2009 is being undertaken by a qualified actuary. The results of the valuation will be available in Autumn 2010.

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, 2010/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 30<sup>th</sup> September 2009. As of that date the estimated employer debt for the Co-operative was £2,624,299.

**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. Two of the Committee members are members of Drumcog. A subscription of £400 was paid to that organisation.

The Executive Officer of the Association, Ms Rani Dhir, is a Trustee of Path Scotland Ltd. A donation of £500 and a subscription of £350 were made to that organisation during the year.

Ms Dhir is a Board Member of Greater Glasgow and Clyde NHS. That organisation paid a total of £800 during the year for rental of meeting rooms.

Ms Dhir is also the Chairperson of 'Happy to Translate'. A subscription of £345 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**

	<b>2010</b>	<b>2009</b>
	£	£
Revenue reserve b/fwd	232,311	167,072
Surplus/(deficit) for the year	( 53,848)	39,962
Transfer from/(to) designated reserves	170,530	25,277
	<u>348,993</u>	<u>232,311</u>