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STATUTORY FILE



**LISTER HOUSING CO-OPERATIVE LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2010**

**Registered Housing Association No. HAC 150**

**Industrial & Provident Society No. 1876R(S)**

**BAKER TILLY UK AUDIT LLP**

**CHARTERED ACCOUNTANTS**

**EDINBURGH**

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

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**Registration Particulars**

Financial Services Authority

Industrial and Provident Societies Act 1965  
Registered Number 1876 R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2001  
Registered Number HAC150

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS**

**31 MARCH 2010**

**Committee of Management**

Mrs. J Lewis	- Chairperson
Mrs. C Littlewood	- Secretary
Mr A McDonald	- Treasurer
Mr J-L Addams	
Ms K Chapman	- Elected 23.6.09
Mr P Connor	- Elected 23.6.09
Ms R D'Agostino	
Mrs. C Goodwin	
Mrs. J McCuaig	
Ms M Midgley	
Mr M Roskilly	
Ms C Simpson	

**Executive Officers**

Alistair Cant FCIH	- Director
Mark Stolarek	- Housing Officer

**Registered Office**

36 Lauriston Place  
Edinburgh EH3 9EZ

**Auditors**

Baker Tilly UK Audit LLP  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Solicitors**

T C Young  
69a George Street  
Edinburgh  
EH2 2JG

**Bankers**

Bank of Scotland  
Pentland House  
8 Lochside Avenue  
Edinburgh  
EH12 9DJ

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**31 MARCH 2010**

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

**Registration details**

Lister is registered as a 'housing association' with the Scottish Housing Regulator under the Housing (Scotland) Act 2001, registration number HAC150. It is also registered as an Industrial & Provident Society with the Financial Services Authority, registration number 1876R(S). As a fully mutual housing Co-operative, Lister gains relief from corporation tax arising from its housing activities - due to Section 488 of the Income & Corporation Taxes Act 1988. It pays tax on its non-housing activity income.

**Principal activity**

The principal activity of the Co-operative is the provision of good quality affordable rented housing for those in need. As a fully mutual Co-operative, all Lister tenants are members of the Co-operative and each has a £1 share (which brings no monetary benefits). All members/tenants have a keen interest in both the successful provision of services to tenants and the healthy continuance of the Co-operative as an organisation.

**The aims of the Co-operative**

1. To provide housing in central Edinburgh for its members, and for people in housing need including those who are homeless and those in medical need. The housing shall be of a range of flat sizes and types including mainstream, amenity and wheelchair flats and shared flats for single persons.
2. This housing shall be at affordable rents, of good quality and maintained to a high standard, with an accessible, responsive and caring housing service. The Co-operative shall be under its members' control and be democratically run without any discrimination.
3. To promote the development of the community at Lister and with its neighbours.

**Structure, governance and management**

The Co-operative is controlled by a Management Committee comprising members elected at the Annual General Meeting. All Committee members are thus tenants as well. The Rules of the Co-operative, based on the National Federation of Housing Association's Model Co-op (Mutual) Rules 1981 (Revised), is the controlling document for the organisation.

The Management Committee meets monthly, apart from in December, and sets out policies, strategies and priorities within which the organisation operates. The day-to-day operation is carried out by the Lister staff, who are all on permanent long term contracts reporting through the Director to the Management Committee. The Director, Alistair Cant, is the senior staff member.

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**31 MARCH 2010**

The daily work is regulated by policies. The key policies include the Standing Orders, the Financial Regulations and the Financial Procedures. In addition, there are detailed policies and procedures on operational topics such as allocations, maintenance, estate management, etc. There are established routines for reporting activity to the Management Committee, such as quarterly financial reporting, annual statistical reports, as well as a detailed Internal Management Plan with Annual Priorities and Goals.

In addition to the work undertaken by the Lister staff there are a number of external agents & consultants who are involved in reporting to the Management Committee and the Annual General Meeting of members. The quarterly management accounts and annual statutory financial statements are prepared by a senior finance manager from a sister-company of Dunedin Canmore HA under a long-standing agency agreement. The Financial Statements are reviewed by external auditors who carry out a full audit. The Management Committee engage TIAA Ltd (The Internal Audit Association) to carry out a biennial internal audit based on an agreed Strategic Audit Plan. Finally the Scottish Housing Regulator undertakes regular monitoring including a Performance Audit visit which produces a publicly available Inspection report. A summary of this report is distributed to all Lister tenants.

In addition to such formal management and monitoring arrangements, Lister is a member of the Scottish Federation of Housing Associations (SFHA) and Employers in Voluntary Housing (EVH) which provide advice, support and services to their members in the voluntary housing movement. Lister also has a strong tradition of tenant involvement, a good track record in equal opportunities and good Staff - Committee relations. All these add to the competence of the organisation and the quality of the service provision.

### **Risk management**

The Co-operative has an active risk management process, with policies, risk matrix map and a business continuity plan. Advice is sought from internal auditors and others to adapt and enhance the risk management process. All major risks are considered so mitigating action can be planned. The health & safety plan is based on the EVH model manual, enhanced by regular audits by their advisers, ACS Physical Risk Control Ltd.

### **Committee of Management**

The Committee of Management of the Co-operative are listed on page 2.

### **Senior staff**

The Co-operative's senior staff member is Alistair Cant, a Fellow of the Chartered Institute of Housing, with 27 years of housing experience. Leading the housing management function is Mark Stolarek, a very experienced Housing Officer. The finance reporting function is provided by Malcolm Homes Ltd, a sister organisation of Dunedin Canmore HA, the dynamic, expanding Edinburgh association. The lead person is Nigel Hicks, an experienced Finance Manager.

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**31 MARCH 2010**

**Business review**

The Committee of Management notes that the Co-operative's balance sheet shows a satisfactory position with net assets of £2.7m, £1.7m of which is unrestricted.

The Co-operative continues to invest in improvements to its properties, including major repairs, cyclical maintenance and the installation and upgrading of gas central heating. The Co-operative funds these programmes using designated reserves and revenue reserves. This and other future planned work will enable the flats to be upgraded when scheduled and maintenance carried out promptly.

The Co-operative completed the Renewable Heritage project which installed solar water panels to the roofs of 49 flats in 7 stairs. The project went so well that a Phase 2 solar water project was implemented, covering 21 flats in 8 stairs. The funding came from the CARES (Community and Renewable Energy Scheme) managed by Community Energy Scotland on behalf of the Scottish Government; and the Wider Role fund of the Scottish Government, plus funds from Lister's revenue reserves.

In addition there has been an innovative Double Glazing project, where we have again benefited from the specialist skills of Changeworks, the Edinburgh-based sustainable development charity. Lister also continued its work on addressing energy conservation and fuel poverty issues, installed more 'A' rated condensing boilers and starting a specialist draught-proofing programme.

Staff and Committee members have the opportunity to attend various courses, meetings and conferences to maintain and develop skills.

**Maintenance policies**

The Co-operative aims to maintain its properties to a high standard. To this end, programmes of cyclical maintenance are carried out to tackle the gradual and predictable wear and tear on building components. These costs are charged to the Income and Expenditure account.

In addition the Co-operative has a long term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties that have come to the end of their economic lives. The cost of these repairs will be charged to the Major Repairs Fund, a Designated Reserve, unless it was agreed they could be capitalised within the terms outlined in the Statement of Recommended Practice (SORP) "Accounting by Registered Landlords" 2008.

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**31 MARCH 2010**

**Future developments and strategies / Scottish Housing Quality Standard**

Lister has no development opportunities at present, or any strong desire or need to expand, but it will keep an open mind on this for the future.

The draught-proofing programme completed an initial batch of properties successfully and this will be extended in 2010-11. This will be a major benefit to tackle fuel poverty and will improve the sustainability of Lister's flats and tenancies.

A possible solar thermal Phase 3 project could arise, subject to funding being made available, and costs being within budget.

The Co-operative will continue to maintain and invest in its current stock. We are on target with our work to meet by 2015 the Scottish Housing Quality Standard (SHQS) expected of us. At the 31 March 2010, 89.7% of all stock meets the SHQS standard. This very high figure is partly due to Lister's good record of investing in its properties, and partly due to most being listed buildings where some measures cannot be installed economically. Almost all the remaining properties that fail are due to the existing tenants not wanting full central heating installed. We plan to install such heating when each flat next becomes empty.

To achieve its aims and objectives, Lister believes in continuous improvement. The Co-operative participates actively in various forums, undertakes appropriate training and initiatives to promote the service, enhance the organisation and maintain the quality of staff.

**Rent policy**

The Co-operative sets its rents using a rent points system which is based on a weighting methodology to reflect key characteristics of each flat. These points are multiplied by the rent point factor, set by the Committee of Management each year, to give the net rental. On top are any service charges for specific services provided to that flat. Rents are reviewed on 1 April each year following consultation with all tenants.

**Treasury management**

The Co-operative, as a matter of policy, does not enter into transactions of a speculative nature. The surplus funds of Lister are managed carefully using long established banks or building societies.

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**31 MARCH 2010**

**Reserves**

Lister needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs needs of its 185 flats. The revenue reserve of £1.7m both reflects primarily the past investment in the housing stock (£1.45m) and it also includes the current cash-backed reserves (including depreciation sums) of £0.25m.

The designated reserves of £1.0m comprise Major Repairs Funds for the Main Site of 135 flats and the New Site of 50 flats. These funds provide for future major repairs to both sites. Transfers to these reserves are made annually from the Income & Expenditure Account on a planned basis. Approved major repairs' spending each year is drawn from the designated reserves. The reserves allow major programmes of work to be planned and funded in a smooth manner.

Lister aims to work towards a minimum cash-backed reserve level of £0.3m within the next 2-3 years, with £0.5m being the maximum cash-backed reserve level. Lister aims for its designated reserves to be approximately at the level set out in the future major repairs funding calculation. This level is monitored annually and re-calculated every 5 years. The latest re-calculation took place in 2008 and involved a targeted physical survey by a Surveyor and the re-casting and costing of maintenance plans for the next 5-10 years. The outcome showed that Lister is slightly ahead of the original projected position.

The Management Committee projects that total reserves at 31 March 2011 are likely to be £2.8m

**Surplus for the year and transfers**

The results for the year are shown in the Income and Expenditure Account on page 14. A surplus of £56K was achieved in the year (2009:£305K).

**Employee involvement and Health and Safety**

Lister encourages employee involvement in all initiatives and staff have an opportunity to discuss and agree strategic objectives. Regular team discussions are held where staff can and do raise health and safety issues. A comprehensive Health & Safety Manual backed up by regular inspections and checks is in operation. There are updates every six months from our consultants.

**Credit payment policy**

The Co-operative's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is twenty-four days (2009: twenty-four days).




**LISTER HOUSING CO-OPERATIVE LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**31 MARCH 2010**

**Auditors**

Baker Tilly UK Audit LLP were appointed as auditor with effect from 1 April 2008. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management

  
Mrs Colleen Littlewood  
Secretary

36 Lauriston Place  
Edinburgh  
EH3 9EZ

22 June 2010

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**STATEMENT OF COMMITTEE RESPONSIBILITIES**

Industrial and Provident Society and Registered Housing Association Law requires that the Committee prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Co-operative and of the surplus or deficit of the Co-operative for that period. In preparing those financial statements the Committee members are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business.

The Committee Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative and to enable them to ensure that the accounts comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 as amended. They are also responsible for safeguarding the Co-operative's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Committee of Management



Mrs Colleen Littlewood  
Secretary

22 June 2010

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**COMMITTEE OF MANAGEMENT**  
**STATEMENT ON INTERNAL FINANCIAL CONTROLS**

**31 MARCH 2010**

The Management 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; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Management 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 mis-statement 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 powers, 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 review procedures have been established to maintain standards of performance.

Forecasts and budgets are prepared regularly which allow the Management 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 the Management Committee.

The Management Committee reviews reports from Sub Committees, staff, internal auditors and from the external 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 Management Committee has reviewed the system of internal financial control in the Co-operative during the year ended 31 March 2010. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

These arrangements are considered appropriate to the scale and range of the Co-operative's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance and the SFHA's publication "Raising Standards in Housing".

By order of the Committee of Management

Mrs Colleen Littlewood, Secretary  
22 June 2010



## LISTER HOUSING CO-OPERATIVE LIMITED

### AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

#### Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 10 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 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Co-operative's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non compliance.

#### Opinion

In our opinion the statement on internal financial control on page 10 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.

*Baker Tilly UK Audit LLP*  
Baker Tilly UK Audit LLP  
Registered Auditors

First Floor  
Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

*29 June 2010*

# **LISTER HOUSING CO-OPERATIVE LIMITED**

## **AUDITORS' REPORT**

### **Independent Auditors' report to the members of Lister Housing Co-operative Limited**

We have audited the financial statements on pages 14 to 32, which have been prepared under the accounting policies set out on pages 16 to 19.

This report is made solely to the Co-operative's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Co-operative's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report and for the opinion we have formed.

### **Respective responsibilities of the Committee of Management and Auditors**

The Management Committee's responsibilities for preparing the Report of Committee of Management and 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 Management Committee's Responsibilities.

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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of internal 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.

We read other information contained in the Report of Committee of Management 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 mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of 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 Management 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.

**LISTER HOUSING CO-OPERATIVE LIMITED**

**AUDITORS' REPORT**

**Independent Auditors' report to the members of Lister Housing Co-operative Limited**

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 error or other irregularity. 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 March 2010 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 7 to the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

*BAKER TILLY UK AUDIT LLP*  
Baker Tilly UK Audit LLP  
Registered Auditors

First Floor  
Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

*29 JUNE* 2010

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**INCOME & EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Turnover</b>	2	904,888	699,753
Less: Operating costs	2	<u>(858,378)</u>	<u>(430,511)</u>
<b>Operating surplus</b>	2	46,510	269,242
Interest receivable and other income		<u>15,589</u>	<u>51,223</u>
<b>Surplus on ordinary activities before tax</b>		62,099	320,465
Taxation on surplus on ordinary activities	4	<u>(5,748)</u>	<u>(15,047)</u>
<b>Surplus for the year</b>	12,13	<u>56,351</u>	<u>305,418</u>

The results relate wholly to continuing activities.

The Co-operative has no recognised gains and losses other than those included in the surplus for the years shown above.

**LISTER HOUSING CO-OPERATIVE LIMITED**

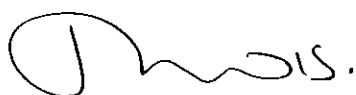
**BALANCE SHEET**

**AS AT 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties-gross cost less depreciation	5a	9,662,723	9,659,559
Less : HAG and other capital grants	5a	<u>(8,243,951)</u>	<u>(8,236,896)</u>
		1,418,772	1,422,663
Other fixed assets	5b	<u>44,879</u>	<u>78,012</u>
		1,463,651	1,500,675
<b>Current assets</b>			
Debtors	6	18,346	15,184
Cash at hand and in bank		<u>1,320,431</u>	<u>1,187,922</u>
		1,338,777	1,203,106
<b>Creditors: amounts falling due within one year</b>	7	<u>(90,095)</u>	<u>(47,801)</u>
<b>Net current assets</b>		<u>1,248,682</u>	<u>1,155,305</u>
Total assets less current liabilities		2,712,333	2,655,980
<b>Creditors: amounts falling due after one year</b>	8	<u>(1)</u>	<u>(1)</u>
<b>Net assets</b>		<u>2,712,332</u>	<u>2,655,979</u>
<b>Capital and Reserves</b>			
Share capital	11	254	252
Designated reserves	12	1,024,000	918,220
Revenue reserves	12	<u>1,688,078</u>	<u>1,737,507</u>
<b>Total funds</b>	13	<u>2,712,332</u>	<u>2,655,979</u>

The Committee of Management approved these financial statements on pages 14 to 32 on 22<sup>nd</sup> June 2010. They were approved and authorised for issue on the Committee's behalf by:

Mrs Jenny Lewis



Chairperson

Mrs Colleen Littlewood



Secretary

Mr Angus McDonald



Treasurer



# LISTER HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

### 1. Accounting Policies

#### (a) Accounting basis

The Co-operative is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" 2008.

#### (b) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments that have been given approval for Housing Association Grant by Scottish Ministers.

#### (c) Housing Association Grants

Housing Association Grant (HAG) received from Scottish Ministers in respect of capital expenditure of approved schemes is deducted from the costs of acquisition of the assets. HAG is repayable under certain circumstances primarily following the sale of property, but will normally be restricted to sales proceeds.

Revenue grants are credited to income in the period to which they relate.

#### (d) Fixed assets - housing land and buildings (note 5)

Housing properties are stated at cost. The cost of such properties includes the following:

- (i) Cost of acquiring land and buildings;
- (ii) Development expenditure including directly attributable overheads; and
- (iii) Interest charged on the loans raised to finance the scheme

Expenditure on schemes that are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

# LISTER HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

### 1. Accounting policies (cont)

#### (e) Capitalisation

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.

#### (f) Depreciation

##### (i) 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 at annual rates of between 2% and 7%.

##### (ii) Other fixed assets

The Co-operative's assets are written off over their expected useful lives, which are as follows:

Commercial property	-	over 50 years
Office and hall premises	-	over 20 years
Office equipment	-	over 5 years
Garden equipment	-	over 5 years
Computer equipment	-	over 4 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

#### (g) Impairment of fixed assets

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. 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.

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**1. Accounting Policies (cont)**

**(h) Reserves**

**Designated reserve - reserves for major repairs (note 12)**

Accrued major repairs expenditure, being the Co-operative's commitment to undertake major repairs to its properties is set aside in a designated reserve to the extent that it is not met from HAG.

**(i) Service charge equalisation account**

Surpluses and deficits arising on the provision of services to the Co-operative's tenants are carried forward and adjusted in the charges levied in future years.

**(j) Pensions**

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 cost to the Co-operative of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees in the scheme as a whole.

**(k) Turnover**

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

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**1. Accounting Policies (cont)**

**(l) Expenditure**

The allocation of administration expenditure to the different account headings is based upon experience of time output according to activity by staff. The allocation to 'major repairs' is based upon 6% of the spending on such repairs. This is to enable future maintenance costing analysis and financial projections to be forecast using predictable amounts - the 6% being based upon typical contract management rates. The allocation to Enhancements is based upon 6% of spending on such work. The allocation to 'services' is based similarly upon 1.5% of spend. The remaining expenditure is allocated on the basis of 54% 'housing management' and 44.5% to 'maintenance'. The allocation of the 44.5% between the 'day-to-day' and 'cyclical' elements of 'maintenance' is done on a pro-rata basis according to their relative spending. The Co-operative does keep these allocations under review though usually maintains allocation stability, which also aids year-on-year comparisons.

**(m) Cash flow statement**

In accordance with the terms of the Registered Social Landlord Statement of Recommended Practice 2008, no cash flow statement is presented as the Co-operative is non-developing and has less than 500 units.

**(n) Taxation**

The Co-operative pays corporation tax on its interest income and commercial letting income. As a co-operative housing association it is exempt from payment of corporation tax on social lettings activities.

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**2. Particulars of turnover, operating costs and operating surplus or deficit**

	<b>Turnover</b>	<b>Operating Costs</b>	<b>Operating Surplus</b>	<b>2009 Operating Surplus</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Social lettings	872,942	(841,569)	31,373	250,069
Other activities	31,946	(16,809)	15,137	19,173
<b>2010 Total</b>	<b>904,888</b>	<b>(858,378)</b>	<b>46,510</b>	<b>269,242</b>
2009 Total	699,753	(430,511)	269,242	

**LISTER HOUSING CO-OPERATIVE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**3 (a) Particulars of turnover, operating costs and operating surplus from social letting activities**

	General Needs Housing	Supported Housing Accommodation	Shared Ownership Housing	Other	Total	2009 Total
	£	£	£	£	£	£
Rent receivable net of service charges	597,663	-	-	-	597,663	584,892
Service charges	4,778	-	-	-	4,778	4,738
Gross income from rents and service charges	602,441	-	-	-	602,441	589,630
Less voids	(3,187)	-	-	-	(3,187)	(863)
Net income from rents and service charges	599,254	-	-	-	599,254	588,767
Grants from Scottish Ministers	114,884	-	-	-	114,884	1,285
Other revenue grants	158,804	-	-	-	158,804	86,000
<b>Total turnover from social letting activities</b>	<b>872,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>872,942</b>	<b>676,052</b>
Management and maintenance administration costs	134,028	-	-	-	134,028	152,825
Service costs	4,778	-	-	-	4,778	4,738
Planned and cyclical maintenance including major repairs costs	602,871	-	-	-	602,871	188,275
Reactive maintenance costs	56,597	-	-	-	56,597	38,056
Bad debts – rent and service charges	4,684	-	-	-	4,684	4,252
Depreciation of social housing	38,611	-	-	-	38,611	37,837
Impairment of social housing	-	-	-	-	-	-
<b>Operating costs for social letting activities</b>	<b>841,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>841,569</b>	<b>425,983</b>
<b>Operating surplus for social letting activities</b>	<b>31,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,373</b>	<b>250,069</b>
<b>2009 Operating surplus for social lettings activities</b>	<b>250,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,069</b>	<b>250,069</b>

The amount included in service charges receivable which was not eligible for Housing Benefit was £nil (2009 -£nil)  
All of the above related to mainstream housing. The figures in 2009 have been recalculated with £42,349 being reallocated to planned and cyclical maintenance costs from management and maintenance administration costs to match the 2010 analysis.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

3 (b) Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs – bad debts £	Other operating costs £	Operating Surplus £	2009 Operating Surplus £
Wider role activities	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency management services – RSLs	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	31,946	31,946	-	(16,809)	15,137	19,173
<b>Total from other activities - 2010</b>	-	-	-	<b>31,946</b>	<b>31,946</b>	-	<b>(16,809)</b>	<b>15,137</b>	<b>19,173</b>
<b>Total from other activities - 2009</b>	-	-	-	<b>23,701</b>	<b>23,701</b>	-	<b>(4,528)</b>	<b>19,173</b>	

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**4. Tax on profit on ordinary activities**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK Corporation tax based on the results For the year at 21% (2009: 21%)	5,748	15,047
<p>The Co-operative is a fully mutual Co-operative and as such the Corporation tax charge only relates to non-housing activities</p>		
<p>Factors affecting tax charge for the period</p>		
<p>The tax assessed for the period is lower than the standard rate of corporation tax (21%) as explained below:</p>		
Surplus on ordinary activities before tax	62,099	320,465
Surplus on ordinary activities multiplied by the standard rate of corporation tax (21%) (2009: 21%)	13,041	67,298
Effects of:		
Income chargeable for tax purposes and expenses not deductible for tax purposes	<u>(7,293)</u>	<u>(52,251)</u>
Current tax charge for the period	<u>5,748</u>	<u>15,047</u>



**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**5. Tangible fixed assets**

**a) Housing properties**

	<b>Housing Properties held for letting £</b>
<b>Cost</b>	
1 April 2009	9,987,059
Additions during year	14,215
Transfer from commercial property	<u>31,539</u>
31 March 2010	<u>10,032,813</u>
<b>Depreciation</b>	
1 April 2009	327,500
Charge for the year	38,611
Depreciation on transfer from commercial property	<u>3,979</u>
31 March 2010	<u>370,090</u>
<b>Cost less depreciation</b>	
31 March 2010	<u>9,662,723</u>
31 March 2009	<u>9,659,559</u>
<b>Housing Association Grant</b>	
1 April 2009	6,583,124
Receivable in year	<u>7,055</u>
31 March 2010	<u>6,590,179</u>
<b>Other Grants</b>	
1 April 2009 and 31 March 2010	1,653,772
<b>Net book value</b>	
31 March 2010	<u>1,418,772</u>
31 March 2009	<u>1,422,663</u>

None of the Co-operative's properties were held under lease.  
In the year £392,003 was spent on housing properties (2009: £71,345), of this £14,215 (2009: £nil) was capitalised with the remainder (£377,788 (2009: £71,345)) being expensed through the Income & Expenditure account.

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**b) Other fixed assets**

	Commercial Property	Office & Hall	Office & Hall Equipment	Garden Equipment	Computer Equipment	Total
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1 April 2009	62,774	51,258	14,765	708	7,914	137,419
Additions	-	-	-	-	-	-
Transfer to housing properties	(31,539)	-	-	-	-	(31,539)
Disposals	-	-	(688)	-	-	(688)
<b>31 March 2010</b>	<b>31,235</b>	<b>51,258</b>	<b>14,077</b>	<b>708</b>	<b>7,914</b>	<b>105,192</b>
<b>Depreciation</b>						
1 April 2009	10,958	30,323	13,286	708	4,132	59,407
Charge for year	625	2,564	493	-	1,891	5,573
Depreciation on transfer (above)	(3,979)	-	-	-	-	(3,979)
Disposals	-	-	(688)	-	-	(688)
<b>31 March 2009</b>	<b>7,604</b>	<b>32,887</b>	<b>13,091</b>	<b>708</b>	<b>6,023</b>	<b>60,313</b>
<b>Net Book Value</b>						
31 March 2010	23,631	18,371	986	-	1,891	44,879
31 March 2009	51,816	20,935	1,479	-	3,782	78,012

**6. Debtors**

<b>Amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Rental debtors	14,338	14,639
Provision for bad debts	<u>(4,680)</u>	<u>(6,650)</u>
	9,658	7,989
Prepayments and accrued income	<u>8,688</u>	<u>7,195</u>
	<u>18,346</u>	<u>15,184</u>

There were no amounts falling due after one year.

**7. Creditors: amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Corporation tax (Note 4)	5,748	15,047
Other taxes and social security	4,632	4,630
Rent in advance	7,955	7,290
Accruals and deferred income	56,936	14,598
Trade creditors	<u>14,824</u>	<u>6,236</u>
	<u>90,095</u>	<u>47,801</u>

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

<b>8.</b>	<b>Creditors: amounts falling due after one year</b>	<b>2010</b>	<b>2009</b>
		£	£
	Loans	<u>1</u>	<u>1</u>

The loan had been secured by specific charges on the Co-operative's properties. All loans relate to housing properties.

**9. Employees**

Staff costs during year

	<b>2010</b>	<b>2009</b>
	£	£
Wages and salaries	117,553	114,104
Social security costs	7,564	7,499
Other pension costs	<u>15,652</u>	<u>15,192</u>
	<u>140,769</u>	<u>136,795</u>

The average number of persons employed by the Co-operative during the year:

	<b>2010</b>	<b>2009</b>
	No	No
Administration and maintenance	<u>6</u>	<u>6</u>
of which the average full time equivalent are	<u>4</u>	<u>4</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year. No individual earned over this total in the year. There are thirteen directors.

The Director is an ordinary member of the Co-operative's pension scheme described in note 15. No enhanced or special terms apply to memberships and he has no other pension arrangements to which the Co-operative contribute. The Co-operative's contributions for the Director in the year amounted to £6,596 (2009: £6,483).

	<b>2010</b>	<b>2009</b>
Total expenses reimbursed insofar as not chargeable to UK Income Tax	£	£
- Director	60	25
- Committee of Management	<u>115</u>	<u>100</u>

# LISTER HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

### 9. Employees (cont)

Other than the expenses disclosed above, no member of the Co-operative received any remuneration for their services as members of the Committee of Management. No members were employed by the Co-operative in the year.

There were no loans to the Committee members, officers or employees during the year.

### 10. Auditor's remuneration

	2010 £	2009 £
The remuneration of the external auditors (including expenses)	5,490	5,150
The remuneration of the external auditors in respect of services other than those of auditors	<u>650</u>	<u>620</u>
	<u>6,018</u>	<u>5,670</u>

### 11. Share capital

	2010 £	2009 £
Shares of £1 fully paid and issued at beginning of year	252	258
Shares issued during year	16	10
Shares cancelled in year	<u>(14)</u>	<u>(16)</u>
Shares issued at end of year	<u>254</u>	<u>252</u>

Each member of the Co-operative holds one share of £1 in the Co-operative. These shares carry no rights to dividend or distributions 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 members' meetings.

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**12. Reserves**

	Unrestricted £	Designated £	Total £
Balance at 1 April 2009	<u>1,737,507</u>	<u>918,220</u>	<u>2,655,727</u>
Surplus on housing activities	31,373	-	31,373
Surplus on non-housing activities	9,389	-	9,389
Transfer to designated reserves	(182,423)	182,423	-
Transfer from designated reserves	88,693	(88,693)	-
Interest credited to reserves	<u>3,539</u>	<u>12,050</u>	<u>15,589</u>
Net movement in reserve	<u>(49,429)</u>	<u>105,780</u>	<u>56,351</u>
Balance at 31 March 2010	<u>1,688,078</u>	<u>1,024,000</u>	<u>2,712,078</u>

Surplus on non-housing activities is shown after deducting taxation.

Lister has just completed Year 1 of a 10-year plan for major repairs expenditure and this has a projected spend of £1,204,000 for the next 9 years (of which £792,000 is planned in the next 3 years). Lister will continue with healthy transfers to the designated reserves to fund this work and maintain satisfactory reserves for the future.

**13. Reconciliation of funds**

	2010 £	2009 £
Surplus for the year	56,351	305,418
New shares issued	16	10
Shares cancelled	<u>(14)</u>	<u>(16)</u>
Net increase in funds	56,353	305,412
Opening funds	<u>2,655,979</u>	<u>2,350,567</u>
Closing funds	<u>2,712,332</u>	<u>2,655,979</u>

**14. Capital commitments**

Amounts contracted for but not provided in the accounts amounted to £nil (2009: £nil). Amounts authorised by the Committee of Management but not contracted for amounted to £nil (2009: £nil).

# LISTER HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

### 15. Pension commitments

Lister Housing Co-operative ('Lister') participates in the SFHA Pension Scheme ('the Scheme'). The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme. The Scheme offers three 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.

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

Lister has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2009.

During the accounting period Lister paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%. As at the balance sheet date there were four active members of the Scheme employed by Lister. Lister continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme (based on 2006 valuation assumptions) are:

	% per annum
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
- Pension accrued pre 6 April 2005	2.6
- Pension accrued post 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
Rate of price inflation	2.6

**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**15. Pension commitments (cont)**

**Mortality Tables:**

Non-pensioners

PA92C2025 short

Pensioners

PA92C2013 short

**Contribution Rates for Future Service:**

Final salary 1/60ths

17.8%

Career average revalued earnings 1/60ths

14.6%

Career average revalued earnings 1/70ths

12.6%

Additional rate for deficit contributions

5.3%

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 co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30 September 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 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%.

# LISTER HOUSING CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

### 15. Pension commitments (cont)

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally 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 buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

Lister has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Lister was £432,604.65.

There is no longer a requirement to include a note here about the Co-operative's participation in The Pensions Trust's Growth Plan (the Plan). In 2008 the Co-operative changed over to a Defined Contribution (DC) series of the Plan. In 2009, the one Lister employee who participates in the Plan has moved all his past contributions over to the latest DC series of the Plan. As a result the Co-operative is no longer at risk of an employer's debt on withdrawal arising.



**LISTER HOUSING CO-OPERATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2010**

**16. Contingent liabilities**

At 31 March 2010 apart from the matter outlined in Note 15 (above) on Pension commitments, the Co-operative had £nil contingent liabilities (2009: £nil).

**17. Housing stock**

The number of units in Management at 31 March 2010 was as follows: -

	<b>2010</b>	<b>2009</b>
<b>General Needs housing</b>	<b>No</b>	<b>No</b>
Rehabilitation	171	170
New Build	<u>14</u>	<u>14</u>
	<u>185</u>	<u>184</u>

There is no Supported or Shared Ownership accommodation  
There are no units managed by other bodies.

**18. Tenancy rents**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Average annual tenancy rent for housing Accommodation	<u>3,239</u>	<u>3,186</u>
Percentage increase from previous year	<u>1.7%</u>	<u>7.1%</u>
	<b>No</b>	<b>No</b>
Number of tenancies	<u>202</u>	<u>201</u>

**19. Related parties**

All members of the Committee of Management are also tenants of the Co-operative. The tenancies of these members are on Scottish Secure Tenancy terms.