

LISTER HOUSING CO-OPERATIVE LIMITED

FINANCIAL STATEMENTS

31 MARCH 2012

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 2012

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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 2012

Committee of Management

Mrs. J Lewis	- Chairperson
Mrs. C Littlewood	- Secretary
Mr A McDonald	- Treasurer
Mr J-L Addams	
Mrs. L Alexander	
Ms K Chapman	
Mr P Connor	- Resigned 24.4.12
Ms R D'Agostino	
Mrs. C Goodwin	
Ms F Gordon	
Mrs. J McCuaig	
Ms M Midgley	- Resigned 26.7.11
Mr M Roskilly	- Resigned 30.8.11

Executive officers

Alistair Cant CIHCM	- Director
Mark Stolarek	- Housing Officer

Registered office

36 Lauriston Place
Edinburgh
EH3 9EZ

External Auditors

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

Internal Auditors

TIAA Ltd
53-55 Gosport Business Centre
Aerodrome Road
Gosport, Hampshire
PO13 0FQ

Solicitors

T C Young
69a George Street
Edinburgh
EH2 2JG

Bankers

Bank of Scotland
Teviot House
41 South Gyle Crescent
Edinburgh
EH12 9DR

LISTER HOUSING CO-OPERATIVE LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2012

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

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 Chapter 7, Part 13, Corporation Tax Act 2010. 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 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 to be at affordable rents, of good quality and maintained to a high standard, with an accessible, responsive and caring housing service. The Co-operative is to 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 Committee of Management comprising members elected at the AGM. 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 Committee of Management 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 Committee of Management. The Director, Alistair Cant, is the senior staff member.

LISTER HOUSING CO-OPERATIVE LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2012

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 well established routines for reporting activity to the Committee of Management, including quarterly financial reporting, annual statistical reports, as well as a detailed Internal Management Plan coupled with Annual Priorities and Goals.

In addition to the work undertaken by the Lister staff there are a number of external agents and consultants who are involved in reporting to the Committee of Management and the Annual General Meeting of members. The quarterly and annual management accounts are prepared by a senior finance manager from a sister-company of Dunedin Canmore Housing Association under a long-standing agency agreement. The Financial Statements are reviewed by the external auditors who carry out a full audit. The Committee of Management 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 and can perform a Performance Audit visit which would produce a publicly available Inspection report. It has other powers that could be used when necessary.

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 and training

The Co-operative's senior staff member is Alistair Cant, a Chartered Member of the Chartered Institute of Housing, with 29 years of housing experience. Leading the housing management function is Mark Stolarek, an experienced Housing Officer. The finance reporting function is provided by Malcolm Homes Ltd, a sister organisation of Dunedin Canmore HA, the dynamic Edinburgh association. The lead person is Nigel Hicks, an experienced Finance Manager. Staff and Committee members have the opportunity to attend various courses, meetings and conferences to maintain and develop skills.

LISTER HOUSING CO-OPERATIVE LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2012

Business review

The Committee of Management notes that the Co-operative's balance sheet shows a satisfactory position with net assets of £2,524,644 of which £950,734 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 either by revenue income or by using designated reserves. This and other future planned work will enable the flats to be upgraded when scheduled and maintenance carried out promptly. The replacement of certain agreed components is capitalised under the new component accounting regulations.

This year the main activity comprised of a major programme of renewing the flat roof coverings to two tenements, and associated work. In addition the draught-proofing and shutter refurbishment programmes continued to their conclusion. In addition the programme of energy advice visits to tenants continued.

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. Key identified components are capitalised when replaced. Other, smaller, replacements are charged to the Income and Expenditure account.

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.

There is planned activity in 2012-13 to carry out pointing to garden walls and to start a programme of specialist re-rendering of chimneys on the main site roofs.

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 2012, 93% of all stock meets the SHQS standard. This very high figure is due to Lister's good record of investing in its properties. It should be noted that due to most being Listed buildings of traditional construction, some measures cannot be installed (e.g. cavity wall insulation). Almost all the remaining properties that fail are due to the existing tenants of those properties not wanting full central heating installed.

LISTER HOUSING CO-OPERATIVE LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2012

We plan to install such heating when each flat next becomes empty, or if a tenant changes their mind.

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.

Reserves

Lister needs to have reserves to ensure the organisation can function into the future and meet its future liabilities, including the major repairs and investment needs of its 185 flats. The revenue reserve of £0.95m reflects primarily the past investment in the housing stock.

The designated reserves of £1.6m 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 on certain building elements to both sites. As the replacement of major key components is now capitalised under the Component Accounting system, there is no longer a need for such a large Major repairs fund. There are no plans for further transfers into these reserves for the foreseeable future. Approved major repairs spending each year are drawn from the designated reserves. The reserve will reduce slowly over time and its future role will be reviewed in due course as part of such reviews across the housing association movement.

Lister has a cash level of £0.7m to support its future plans and operating requirements. With component accounting now impacting upon the future role of Major repairs funds, the important matter for Lister and other housing associations and co-operatives continues to be sufficient cash flow to meet the needs of capital spend, other major repairs spend and any large enhancement and cyclical maintenance programmes. Lister reviews its maintenance spending plans and projections regularly and re-assesses them in relation to reserves, cash flows and designated reserves.

The Committee of Management projects that total reserves at 31 March 2013 are likely to be £2.6m.

LISTER HOUSING CO-OPERATIVE LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2012

Going concern

No material uncertainties that may cast significant doubt about the ability of the Co-operative to continue as a going concern have been identified by the Committee of Management. The Committee of management have a reasonable expectation that the Co-operative has adequate resources to continue operating for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 £42k was the outcome for the year (2011: deficit £8K).

Employee involvement and Health & 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 (2011: twenty-four days).

LISTER HOUSING CO-OPERATIVE LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
31 MARCH 2012

Auditors

Baker Tilly UK Audit LLP was appointed as auditor with effect from 1 April 2008.

So far as each of the Committee Members are aware, there is no audit information of which the auditors are unaware and they and the Director have taken all steps to make themselves aware of any relevant audit information and established that the auditors are aware of that information.

On behalf of the Committee of Management


Mrs Colleen Littlewood
Secretary

36 Lauriston Place
Edinburgh
EH3 9EZ

19 June 2012

LISTER HOUSING CO-OPERATIVE LIMITED
STATEMENT OF COMMITTEE RESPONSIBILITIES

31 MARCH 2012

Industrial & 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;
- state whether applicable accounting standards have been tailored subject to any material departures disclosed and explained in the financial statements; 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

19 June 2012

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

31 MARCH 2012

The Committee of Management 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 Committee of Management'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 restricts 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; and

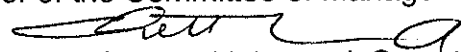
Forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate; and all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management.

The Committee of Management reviews reports from Sub Committees, staff and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. Reports from internal auditors are produced biennially - a report was submitted in 2011-12. Staff reports include 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 of Management has reviewed the system of internal financial control in the Co-operative during the year ended 31 March 2012. 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
19 June 2012

LISTER HOUSING CO-OPERATIVE LIMITED
AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

31 MARCH 2012

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

LB June 2012

LISTER HOUSING CO-OPERATIVE LIMITED

AUDITORS' REPORT

31 MARCH 2012

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

We have audited the financial statements of Lister Housing Co-operative Limited for the year ended 31 March 2012 on pages 14 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Co-operative's members as a body, in accordance with section 9 of the Friendly and Industrial 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 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 the Committee of Management and Auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 9, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

LISTER HOUSING CO-OPERATIVE LIMITED

AUDITORS' REPORT

31 MARCH 2012

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Co-operative has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Co-operative; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor

First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date *26/6/12*.

LISTER HOUSING CO-OPERATIVE LIMITED
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012	2011
		£	£
Turnover	2	661,831	668,756
Less: Operating costs	2	<u>(627,029)</u>	<u>(687,202)</u>
Operating surplus/(deficit)	2	34,802	(18,446)
Interest receivable and other income		<u>11,636</u>	<u>14,932</u>
Surplus/(deficit) on ordinary activities before tax		46,438	(3,514)
Taxation on surplus on ordinary activities	4	<u>(4,636)</u>	<u>(4,214)</u>
Surplus/(deficit) for the year	12,13	<u>41,802</u>	<u>(7,728)</u>

The results relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
	£	£
Surplus/(Deficit) for the year	41,802	(7,728)
Prior period adjustment	-	<u>(262,255)</u>
Total gains and losses recognised since last financial statements	<u>41,802</u>	<u>(269,983)</u>

LISTER HOUSING CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012	2011
		£	£
Tangible fixed assets			
Housing properties - gross cost			
less depreciation	5a	10,057,670	9,949,863
Less: HAG	5a	(6,590,179)	(6,590,179)
Other grants	5a	<u>(1,654,227)</u>	<u>(1,653,772)</u>
		1,813,264	1,705,912
 Other fixed assets	 5b	 <u>35,626</u>	 <u>39,307</u>
		1,848,890	1,745,219
Current assets			
Debtors	6	22,185	23,378
Cash at hand and in bank		<u>689,425</u>	<u>801,956</u>
		711,610	825,334
Creditors: amounts falling due within one year	7	<u>(32,355)</u>	<u>(84,211)</u>
Net current assets		<u>679,255</u>	<u>741,123</u>
Total assets less current liabilities		2,528,145	2,486,342
Creditors: amounts falling due after one year	8	<u>(3,501)</u>	<u>(3,501)</u>
Net assets		<u>2,524,644</u>	<u>2,482,841</u>
Capital and reserves			
Share capital	11	253	252
Designated reserve	12	1,573,657	1,620,069
Revenue reserve	12	<u>950,734</u>	<u>862,520</u>
Total funds	13	<u>2,524,644</u>	<u>2,482,841</u>

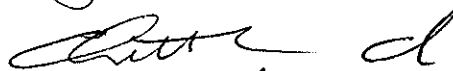
The Committee of Management approved these financial statements on pages 14 to 33 on 19 June 2012. They were approved and authorised for issue on the Committee's behalf by:

Mrs Jenny Lewis



Chairperson

Mrs Colleen Littlewood



Secretary

Mr Angus McDonald



Treasurer

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

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 Housing Providers, Update 2010".

(b) Turnover

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

(c) 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.

(d) Housing Association Grant

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.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

1. Accounting policies (cont)

(e) Fixed assets - housing land and buildings (Note 5)

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

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. 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.

Component accounting was adopted last year. The major components are now deemed to be land, structure, pitched roofs, flat roofs, kitchens, bathrooms, HMO capital work and landscaping. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in note (f) (i). The new accounting policy is deemed to be more appropriate as it better reflects the actual major components of the Co-operative's housing properties and their individual remaining useful lives.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

1. Accounting policies (cont)

(f) Depreciation

(i) Housing properties

Depreciation is charged on a straight-line basis over the expected individual economic useful lives of each major component that makes up the housing property as follows:

Land	not depreciated
Structure	over 100 years
Pitched roofs	over 60 years
Flat roofs	over 25 years
Kitchens	over 15 years
Bathrooms	over 25 years
HMO capital works	over 16 years
Landscaping	over 20 years

(ii) Other fixed assets

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

Commercial property	over 50 years
Office 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 2012

1. Accounting policies (cont)

(h) Designated reserve - reserve 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 nor capitalised under component accounting.

(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 Scottish Housing Associations' Pension Scheme (SHAPS) 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) 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, capitalised work and enhancements is based upon 6% of the spending on such repairs (the sums allocated to work capitalised under component accounting thus is allocated to fixed assets). 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 services is based similarly upon 5% of spend. The remaining expenditure is allocated on the basis of 54% to housing management, 44.5% to maintenance and 1.5% to non-housing activities. 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.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

1. Accounting policies (cont)

(l) Cash flow statement

In accordance with the terms of the Registered Social Landlord Statement of Recommended Practice 2010, no cash flow statement is presented as the Co-operative is non-developing and has less than 500 units.

(m) 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.

(n) Leasing

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Income & Expenditure account on a straight-line basis over the period of the lease.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

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

	Note	Turnover £	Operating costs £	Operating surplus/ (deficit) £	2011 Operating surplus/ (deficit) £
Social lettings	3a	647,251	(623,368)	23,883	(22,957)
Other activities	3b	14,580	(3,661)	10,919	4,511
2012 Total		661,831	(627,029)	34,802	(18,446)
2011 Total		668,756	(687,202)	(18,446)	

LISTER HOUSING CO-OPERATIVE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

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	2011 Total
Rent receivable net of service charges	645,433	-	-	-	645,433	612,737
Service charges	5,570	-	-	-	5,570	5,570
Gross income from rents and service charges	651,003	-	-	-	651,003	618,307
Less voids	(3,112)	-	-	-	(3,112)	(913)
Net income from rents and service charges	647,891	-	-	-	647,891	617,394
Grants from Scottish Ministers	-	-	-	-	-	34,932
Other revenue grants	(640)	-	-	-	(640)	7,148
Total turnover from social letting activities	647,251	-	-	-	647,251	659,474
Management and maintenance administration costs	143,950	-	-	-	143,950	105,538
Service costs	5,570	-	-	-	5,570	5,570
Planned and cyclical maintenance including major repairs costs	338,300	-	-	-	338,300	455,456
Reactive maintenance costs	39,746	-	-	-	39,746	28,070
Bad debts – rent and service charges	2,074	-	-	-	2,074	1,296
Depreciation of social housing	93,728	-	-	-	93,728	86,501
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	623,368	-	-	-	623,368	682,431
2012 Operating surplus/(deficit) for social letting activities	23,883	-	-	-	23,883	(22,957)
2011 Operating surplus/(deficit) for social lettings activities	(22,957)	-	-	-	(22,957)	-

The amount included in service charges receivable which was not eligible for Housing Benefit was £nil (2011: £nil).

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

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	2011 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	-	-	-	14,580	14,580	-	(3,661)	10,919	4,511
Total from other activities - 2012	-	-	-	14,580	14,580	-	(3,661)	10,919	4,511
Total from other activities - 2011	-	-	-	9,282	9,282	-	(4,771)	4,511	

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

4. Tax on surplus on ordinary activities

	2012	2011
Current tax:	£	£
UK Corporation tax based on the results for the year at 20% (2011: 21%)	<u>4,636</u>	<u>4,214</u>

The Co-operative is a fully mutual Co-operative and as such the Corporation tax charge only relates to non-housing activities.

Factors affecting tax charge for the period:

Surplus/(deficit) on ordinary activities before tax	46,438	(3,514)
Effects of:		
Income chargeable for tax purposes and expenses not deductible for tax purposes	<u>(23,258)</u>	<u>23,582</u>
Net surplus	<u>23,180</u>	<u>20,068</u>
Current tax charge for the period - surplus multiplied by the standard rate of corporation tax (20%) (2011: 21%)	<u>4,636</u>	<u>4,214</u>

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

5. Tangible fixed assets

a) Housing properties

**Housing
properties
held for
letting**

Cost

£

1 April 2011	10,762,154
Additions during year	201,535
Disposal during year	<u>(50,000)</u>
31 March 2012	<u>10,913,689</u>

Depreciation

1 April 2011	812,291
Charge for the year	93,728
On disposals	<u>(50,000)</u>
31 March 2012	<u>856,019</u>

Cost less depreciation

31 March 2012	<u>10,057,670</u>
31 March 2011	<u>9,949,863</u>

Housing Association Grant

1 April 2011 and 31 March 2012	<u>6,590,179</u>
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Other grants

1 April 2011	1,653,772
Additions during year	<u>455</u>
31 March 2012	<u>1,654,227</u>

Net book value

31 March 2012	<u>1,813,264</u>
31 March 2011	<u>1,705,912</u>

None of the Co-operative's properties were held under lease.

In the year £364,358 was spent on housing properties (2011: £859,650), of this £201,535 (2011: £595,402) was capitalised with the remainder £162,823 (2011: £264,248) being expensed through the Income & Expenditure account.

Of the £201,535 capitalised, £190,551 related to the replacement of components (2011: £584,326) and £10,984 related to property improvements (2011: £11,075).

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

b) Other fixed assets

	Commercial property	Office	Office equipment	Garden equipment	Computer equipment	Total
Cost	£	£	£	£	£	£
1 April 2011	31,235	51,258	14,077	708	7,914	105,192
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 March 2012	31,235	51,258	14,077	708	7,914	105,192
Depreciation						
1 April 2011	8,229	35,450	13,584	708	7,914	65,885
Charge for year	625	2,563	493	-	-	3,681
Disposals	-	-	-	-	-	-
31 March 2012	8,854	38,013	14,077	708	7,914	69,566
Net Book Value						
31 March 2012	22,381	13,245	-	-	-	35,626
31 March 2011	23,006	15,808	493	-	-	39,307

6. Debtors

Amounts falling due within one year	2012	2011
	£	£
Rental debtors	11,835	10,864
Provision for bad debts	<u>(2,240)</u>	<u>(2,080)</u>
	9,595	8,784
Prepayments and accrued income	<u>12,590</u>	<u>14,594</u>
	<u>22,185</u>	<u>23,378</u>

There were no amounts falling due after one year.

7. Creditors

Amounts falling due within one year	2012	2011
	£	£
Corporation tax (Note 4)	4,636	4,214
Other taxes and social security	5,116	4,827
Rent in advance	7,153	8,918
Accruals and deferred income	11,222	55,492
Trade creditors	<u>4,228</u>	<u>10,760</u>
	<u>32,355</u>	<u>84,211</u>

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

8. Creditors

Amounts falling due after one year

	2012	2011
	£	£
Loans	1	1
Commercial lease - Deposit	<u>3,500</u>	<u>3,500</u>
	<u>3,501</u>	<u>3,501</u>

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

9. Employees

	2012	2011
	£	£
Staff costs during year		
Wages and salaries	122,949	120,768
Social security costs	8,147	7,697
Other pension costs	<u>19,436</u>	<u>16,143</u>
	<u>150,532</u>	<u>144,608</u>

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

	2012	2011
	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 Committee of Management, the Director and any other person reporting directly to the Director or the Committee of Management whose total emoluments exceed £60,000 per year. No individual earned over this total in the year. There are twelve directors.

Total expenses reimbursed insofar as not chargeable to UK Income Tax

	2012	2011
	£	£
- Director	108	27
- Committee of Management	<u>5</u>	<u>170</u>

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

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

	2012	2011
	£	£
The remuneration of the external auditors (including expenses)	5,990	6,540
The remuneration of the external auditors in respect of services other than those of auditors	<u>825</u>	<u>750</u>
	<u>6,815</u>	<u>7,290</u>

11. Share capital

	2012	2011
	£	£
Shares of £1 fully paid and issued at beginning of year	252	254
Shares issued during year	19	10
Shares cancelled in year	<u>(18)</u>	<u>(12)</u>
Shares issued at end of year	<u>253</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 2012

12. Reserves

	Unrestricted £	Designated £	Total £
Balance at 1 April 2011	<u>862,520</u>	<u>1,620,069</u>	<u>2,482,589</u>
Surplus on housing activities	23,883	-	23,883
Surplus on non-housing activities	6,283	-	6,283
Transfer from designated reserves	46,412	(46,412)	-
Transfer to designated reserves	-	-	-
Interest credited to reserves	<u>11,636</u>	<u>-</u>	<u>11,636</u>
Net movement in reserve	<u>88,214</u>	<u>(46,412)</u>	<u>41,802</u>
Balance at 31 March 2012	<u>950,734</u>	<u>1,573,657</u>	<u>2,524,391</u>

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

Lister has just completed Year 3 of a 10-year plan for capitalised repairs and major repairs expenditure and this has a projected spend of £719,000 for the next 7 years (of which £448,000 is planned in the next 3 years). Lister is confident its future cash flows will be able to fund this work and maintain satisfactory reserves for the future. The sums in the designated reserves, over and above the amount needed for the next 7 years, will assist in funding major repairs from 2019 onwards.

13. Reconciliation of funds

	2012 £	2011 £
Balance at 1 April 2011	2,482,841	2,712,332
Prior period adjustment	-	(221,761)
As re-stated	<u>2,482,841</u>	<u>2,490,571</u>
Surplus/(deficit) for the year	41,802	(7,728)
New shares issued	19	10
Shares cancelled	<u>(18)</u>	<u>(12)</u>
Net change in funds	41,803	(7,730)
Closing funds	<u>2,524,644</u>	<u>2,482,841</u>

14. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £nil (2011: £nil). Amounts authorised by the Committee of Management but not contracted for amounted to £nil (2011: £192,846).

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

15. Pension commitments

Lister participates in the Scottish Housing Associations' Pension Scheme. The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

The Employer Debt Regulations were introduced in September 2005 following a change in legislation. This legislation was revised in the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008 (SI 2008/731) ('the Regulations') which came into force on 6 April 2008.

An employer debt will arise if one of the following events occurs at a time when the Scheme is not fully funded on a buy-out basis:

- (i) The commencement of winding up of the Scheme;
- (ii) An employer becomes insolvent;
- (iii) An Employer Cessation Event.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

15. Pension commitments (cont)

An Employer Cessation Event occurs when an employer ceases to participate in the Scheme, i.e. it no longer has any active members in the Scheme at a point in time when there is at least one other employer that continues to employ active members in the Scheme. The 2008 Regulations tighten the definition of an Employer Cessation Event. However, it remains the case that an employer will not be deemed to have withdrawn from the Scheme (and hence will not be liable for a debt on withdrawal) provided that it continues to employ at least one person who is an active member of the Scheme. The Scheme Actuary has calculated the employer debt that would have been payable if your organisation had withdrawn from the Scottish Housing Associations' Pension Scheme as at 30 September 2011.

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 Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Lister was £550,346 (2010: £454,768). Lister has been notified by the Pensions Trust of the SHAPS scheme that past service deficit contributions payable for the year to 31 March 2013 is £12,062.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

15. Pension commitments (cont)

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 career average revalued earnings with a 1/70th accrual rate for all active and new members from 1 April 2011.

During the accounting period Lister paid contributions at the rate of 10.8% of pensionable salaries for the past service deficit and 7.4% of pensionable salaries for future contributions. Member employee payments, all for future contributions, were 7.5%. As at the balance sheet date there were 4 active members of the Scheme employed by Lister. The annual pensionable payroll in respect of these members was £106,642. Lister continues to offer membership of the Scheme to its employees.

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

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005	
(for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0
Mortality Tables	
Non-pensioners SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement	
Pensioners SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement	

Contribution Rates for Future Service (payable from 1 April 2011)	% p.a.
Career average revalued earnings 1/70ths	14.9
Additional rate for deficit contributions *	10.4
(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions)	

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

16. Contingent liabilities

At 31 March 2012 apart from the matter outlined in Note 15 (above) on Pension commitments, the Co-operative had £nil contingent liabilities (2011: £nil).

17. Housing stock

The number of units in Management at 31 March 2012 was as follows:

	2012	2011
	No	No
General needs housing		
Rehabilitation	171	171
New build	<u>14</u>	<u>14</u>
	<u>185</u>	<u>185</u>

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

18. Tenancy rents

	2012	2011
	£	£
Average annual tenancy rent for housing accommodation	<u>3,487</u>	<u>3,312</u>
Percentage increase from previous year	<u>5.3%</u>	<u>2.3%</u>
	No	No
Number of tenancies	<u>202</u>	<u>202</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.

20. Financial commitments

At 31 March 2012 the Co-operative was committed to making the following payments under non-cancellable operating leases for land and buildings in the year to 31 March 2013.

	2012	2011
	£	£
Operating leases which expire		
Within one year	134	-
Between two and five years	<u>-</u>	<u>268</u>