

Registered Number: 1876 R(S)
Registered Number: HAC150

LISTER HOUSING CO-OPERATIVE LIMITED
ANNUAL REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2022

Registration particulars

Financial Conduct Authority

Co-operative & Community Benefit Societies Act
2014
Registered Number 1876 R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number HAC150

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LISTER HOUSING CO-OPERATIVE LIMITED

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LISTER HOUSING CO-OPERATIVE LIMITED

STATUTORY INFORMATION

Committee of Management

Mrs L Alexander	Chairperson
Mrs C Littlewood	Secretary
Mr A McDonald	Treasurer
Mr J-L Addams	
Mrs J McCuaig	
Ms L Bald	
Ms S Baxter	
Mrs J Dydak	(Joined 22 September 2021)
Mrs C Goodwin	
Mrs M Gunn	(Left 22 September 2021)
Mrs J Leith	
Mrs M Midgley	
Ms J Renton	
Mrs D Todorova	

Executive officers

John Rankin	Chief Executive Officer (Joined 8 November 2021)
Alistair Cant	Director (Left 6 December 2021)
Mark Stolarek	Housing Officer

Registered office

36 Lauriston Place
Edinburgh
EH3 9EZ

External Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Internal Auditor

Quinn Internal Audit & Business Support Services
55 Lady Place
Livingston
EH54 6TB

Solicitors

T C Young
69a George Street
Edinburgh
EH2 2JG

Bankers

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

FCA registered number	1876 R(S)
The Scottish Housing Regulator registered number	HAC 150

LISTER HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT

For the year ended 31 March 2022

The Committee of Management present their Annual Report of the Committee of Management and audited financial statements for the year ended 31 March 2022.

Registration details

Lister is registered as a 'Housing Association' with the Scottish Housing Regulator under the Housing (Scotland) Act 2010, registration number HAC150. It is also registered as a Registered Society under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority, registration number 1876R(S). As a fully mutual housing co-operative, Lister gains relief from corporation tax arising from its housing activities. 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.

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. The housing will be of 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 the Co-operative 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 Scottish Federation of Housing Association's Model Rules 2013, 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 Co-operative staff, who are all on permanent long-term contracts reporting through the Director, John Rankin, to the Committee of Management.

The daily work is regulated by policies; the key policies include the Standing Orders, the Financial Regulations and the Financial Procedures. There are well established routines for reporting activity to the Committee of Management, including quarterly financial reporting, as well as a detailed Internal Management Plan.

In addition to this work 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 management accounts are prepared by an external agent - Port of Leith HA. The Financial Statements are reviewed by the external auditor who carries out a full audit.

LISTER HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2022

Structure, governance and management (continued)

The Committee of Management engaged Quinn Internal Audit and Business Support Services in 2017 following a joint tendering exercise in conjunction with Manor Estates HA. Finally, the Scottish Housing Regulator (to whom Lister submits regular returns) 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).

Risk management

The Co-operative has an active risk management process, with policies, risk matrix map and a business continuity plan. All major risks are considered so mitigating action can be planned. The health & safety plan is based on the EVH model control manual, enhanced by regular audits by their advisers, ACS Physical Risk Control Ltd. Lister also subscribes to the EVH Landlord H&S manual and the associated audits from ACS.

Key risks include: Internal risks - loss of key staff or committee personnel, fraud, health & safety failures; and these are mitigated by robust policies, procedures, and a range of audits. External risks include: - welfare reform impacts, changes in regulatory requirements, data loss/cyber-security issues and these are mitigated by close attention to external information and advice, active membership of representative bodies and obtaining best-practice advice on IT security and data protection matters.

Business review

The Committee of Management notes that the Co-operative's Statement of Financial Position shows a satisfactory position with net assets of £4.0m (2021: £4.0m). 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 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 component accounting regulations.

This year the main activities comprised: a major project to replace the kitchens in our main site properties, continued work to enhance the smoke detector systems, and some energy efficiency work to improve properties.

Key performance indicators

Lister has performed reasonably well for the year - we are above our tough rent arrears target of 2.0%, at 3.4% of current arrears. Our former tenant arrears are regularly monitored and under control. Voids are slightly higher this year, but at year end there was only one void across all housing stock, which was filled soon thereafter. Lister advertises vacant properties on the Edindex Key-to-Choice bidding system, and this is proceeding smoothly.

Future developments and strategies

Lister has no development opportunities at present or any strong desire or need to expand. There is planned activity in 2022-23 to continue the Main Site kitchen refurbishment programme and progress the plan for EESSH2. John Rankin, Chief Executive Officer, came into post in November 2021, and thereafter Alistair Cant, Director, retired in December 2021.

Committee of Management

The Committee of Management of the Co-operative are listed on the statutory information page at the start of the financial statements.

Senior staff and training

The Co-operative's senior staff member is John Rankin, Chief Executive Officer. Leading the housing management function is Mark Stolarek, an experienced Housing Officer. Staff and Committee members have the opportunity to attend various courses, seminars and events.

LISTER HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2022

Maintenance policies

The Co-operative aims to maintain its properties to a high standard. To this end programmes of cyclical maintenance are carried out and programmes of major repairs to cover for such works. Key identified components are capitalised when replaced.

Rent policy

The Co-operative sets its rents using a rent points system. 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. 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.

Employee involvement and Health & Safety

Lister encourages employee involvement in all initiatives. A comprehensive Health & Safety Manual backed up by regular inspections and checks is in operation. There are updates every year from our consultants. Lister also uses the EVH model health & safety manual for Landlord services.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Co-operative may continue.

It is the policy of the Co-operative that training, career development and promotion opportunities should be available to all employees.

Reserves

The Co-operative 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 £4.0m reflects primarily the past investment in the housing stock and reserves for future major repairs. The Co-operative has a cash level of £2.3m to support its future plans and operating requirements. The Co-operative reviews its maintenance spending plans regularly and re-assesses them in relation to reserves and cash flows. The Committee of Management projects that total reserves at 31 March 2023 are likely to be £4.5m.

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. The Covid-19 situation has impacted upon Lister along with other businesses however we are managing the process and expect no significant adverse medium to long-term issues.

Surplus for the year

The results for the year are shown in the Statement of Comprehensive Income on page 11. A surplus of £70.4k was the outcome for the year (2021: surplus £132k).

Credit payment policy

The average payment period is twenty-four days (2021: twenty-four days).

Related Party Transactions

All members of the Committee of Management are tenants. Their tenancies are on the Co-operative's normal tenancy terms and they cannot use their position to their advantage. Transactions with the Committee of Management are disclosed in note 24.

LISTER HOUSING CO-OPERATIVE LIMITED

ANNUAL REPORT of the COMMITTEE of MANAGEMENT (continued)

For the year ended 31 March 2022

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Committee of Management at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Co-operative's auditor is unaware and
- They have taken all steps that they ought to have taken as a Committee member in order to make themselves aware of any relevant information, and to establish that the Co-operative's auditor is aware of the information.

Statement of committee responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation requires that the Committee of Management 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 followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business; and
- prepare a Statement on Internal Financial Control.

The Committee Members are also responsible for:

- keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Co-operative;
- ensuring that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing Scotland Act 2010 and the Determination of the Accounting Requirements December 2019; and
- maintaining a satisfactory system of control over accounting records and transactions, and for safeguarding all assets of the Co-operative and, hence, take reasonable steps to prevent and detect fraud and other irregularities.

Auditor

Chiene + Tait LLP were re-appointed as auditor at the September 2020 Annual General Meeting.

The Report of the Committee of Management has been approved on behalf of the Management Committee by

MRS COLLEEN LITTLEWOOD
Secretary

36 Lauriston Place
Edinburgh
EH3 9EZ

28 June 2022

LISTER HOUSING CO-OPERATIVE LIMITED

COMMITTEE of MANAGEMENT STATEMENT on INTERNAL FINANCIAL CONTROLS

For the year ended 31 March 2022

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;
- 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 – the last one was considered in August 2021. 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 2022. 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 auditor's 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 publication "Our Regulatory Framework".

BY ORDER OF THE COMMITTEE OF MANAGEMENT

MRS COLLEEN LITTLEWOOD
Secretary

28 June 2022

LISTER HOUSING CO-OPERATIVE LIMITED

REPORT of the AUDITOR on CORPORATE GOVERNANCE MATTERS

For the year ended 31 March 2022

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Co-operative's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Controls on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Chlene + Tait LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Date: 7.7.2022

Opinion

We have audited the financial statements of Lister Housing Co-operative Limited (the Association) for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Management Committee are responsible for the other information. He other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

For the year ended 31 March 2022

Matters on which we are required to report by exception

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

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

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 5, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Association and the industry in which it operates and considered the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Association's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the members;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT to the MEMBERS of

LISTER HOUSING CO-OPERATIVE LIMITED (continued)

For the year ended 31 March 2022



Auditor's responsibilities for the audit of the financial statements (continued)

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Date: 7.7.2022

LISTER HOUSING CO-OPERATIVE LIMITED
STATEMENT of COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	3	925,704	915,362
Less: Operating costs	3	(939,067)	(714,184)
Operating (deficit)/surplus	3, 8	(13,363)	201,178
Interest Payable-Pension Liability		(2,000)	(1,000)
Interest receivable and other income	5	34,187	37,098
Surplus before taxation		18,824	237,276
Taxation	6	(7,953)	(11,788)
Surplus for the year		10,871	225,488
Re-measurement caused by pension valuation		60,191	(93,000)
Total comprehensive income for the year		<u>71,062</u>	<u>132,488</u>

The results relate wholly to continuing activities.

The notes on pages 15 to 31 form part of these financial statements

LISTER HOUSING CO-OPERATIVE LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 MARCH 2022

	Notes	2022 £	2021 £
Tangible fixed assets			
Housing properties	9a	6,894,313	6,797,392
Other fixed assets	9b	311,039	312,224
		<u>7,205,352</u>	<u>7,109,616</u>
Current assets			
Debtors	10	75,775	71,148
Cash and bank balances	11	2,338,932	2,507,799
		<u>2,414,707</u>	<u>2,578,947</u>
Creditors: amounts falling due within one year	12	<u>(224,424)</u>	<u>(206,925)</u>
Net current assets		<u>2,190,283</u>	<u>2,372,022</u>
Total assets less current liabilities		9,395,635	9,481,638
Creditors: amounts falling due after one year	13	(5,277,592)	(5,434,656)
Provisions: taxation including deferred tax	15	(38,047)	(38,047)
Net assets		<u>4,079,996</u>	<u>4,008,935</u>
Capital and reserves			
Share capital	18	241	242
Revenue reserve		4,079,755	4,008,693
Total capital and reserves		<u>4,079,996</u>	<u>4,008,935</u>

The financial statements were approved by the Committee of Management and authorised for issue on 28 June 2022 and signed on its behalf by:

Mrs Louise Alexander

Chairperson

Mrs Colleen Littlewood

Secretary

Mr Angus McDonald

Treasurer

The notes on pages 15 to 31 form part of these financial statements

LISTER HOUSING CO-OPERATIVE LIMITED

STATEMENT of CHANGES in CAPITAL RESERVES

For the year ended 31 March 2022

	Share Capital £	Revenue Reserves £	Revaluation Reserves £	Total Reserves £
Balance at 31 March 2021	242	4,008,693	-	4,008,935
Surplus for the year	-	71,062	-	71,062
Shares issued during the year	12	-	-	12
Shares cancelled during the year	(13)	-	-	(13)
Balance at 31 March 2022	241	4,079,755	-	4,079,996

For the year ended 31 March 2021

	Share Capital £	Revenue Reserves £	Revaluation Reserves £	Total Reserves £
Balance at 1 April 2020	246	3,876,205	-	3,876,451
Surplus for the year	-	132,488	-	132,488
Shares issued during the year	12	-	-	12
Shares cancelled during the year	(16)	-	-	(16)
Balance at 31 March 2021	242	4,008,693	-	4,008,935

The notes on pages 15 to 31 form part of these financial statements

LISTER HOUSING CO-OPERATIVE LIMITED

STATEMENT of CASH FLOWS

For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Cash flows from operating activities					
Cash generated from operations	19	68,132		271,940	
Taxation paid		(8,602)		(11,788)	
			59,530		260,152
Cash inflow from investing activities					
Purchase of tangible fixed assets		(262,583)		(5,389)	
Interest received		34,187		37,098	
			(228,396)		31,709
Cash outflow from financing activities					
Issue of share capital		12		12	
Cancelled shares		(13)		(16)	
			(1)		(4)
Net changes in cash and cash equivalents					
			(168,867)		291,857
Cash and cash equivalents at 1 April	11		2,507,799		2,215,942
Cash and cash equivalents at 31 March	11		2,338,932		2,507,799

Accounting Standards require the Statement of Cash Flows to be accompanied by an 'Analysis of Changes in Net Debt'. 'Net Debt' means debt finance less cash. The Co-operative had no debt finance during 2021 or 2020 and therefore its net debt is simply the negative of its cash balances. Accordingly, the change in net debt is apparent from the Statement of Cash Flows.

The notes on pages 15 to 31 form part of these financial statements

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. General information

The financial statements of have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) (United Kingdom Generally Accepted Accounting Practice), the Housing SORP 2018 'Statement of Recommended Practice for Registered Housing Providers' and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

The Co-operative is defined as a public benefit entity and thus it complies with all disclosure requirements relating to public benefit entities. The Co-operative is a registered social landlord in Scotland and its registered number is HAC150. The registered address is noted within the statutory information page at the start of the financial statements.

These financial statements represent the results of the Co-operative only and are presented in Pounds Sterling (GBP).

2. Principle accounting policies

The principle accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the Co-operative's financial statements, unless otherwise stated.

(a) Going concern

The Committee of Management anticipate that a surplus will be generated in the year to 31 March 2022. The Co-operative has healthy cash and net current asset position and thus the Committee of Management are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statements notwithstanding Covid-19.

(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) Apportionment of administration 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 (continued)

For the year ended 31 March 2022

2. Principle accounting policies (continued)

(d) Pensions

The Co-operative participates in the 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.

It has become possible to identify the share of underlying assets and liabilities belonging to individual participating employers and the scheme is now accounted for as a defined benefit plan, as opposed to defined contribution, for the benefit of its employees. No new benefits have been introduced and there is no change to the benefits themselves.

A liability for the Co-operative's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

(e) Leasing

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

(f) Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

(g) 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. Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

(h) Fixed assets – housing land and buildings (Note 9a)

Housing properties are stated at cost 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.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Principle accounting policies (continued)

(h) Fixed assets – housing land and buildings (continued) (Note 9a)

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 Statement of Comprehensive Income.

Component accounting was adopted six years ago. 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 (i). This accounting policy is deemed to be more appropriate as it reflects better the actual major components of the Co-operative's housing properties and their individual remaining useful lives.

(i) Depreciation

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 20 years
Landscaping	over 20 years

Other fixed assets

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

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.

(j) Investment properties

Investment properties are properties held for commercial lettings. These properties are held at their market value. The fair value of each property will be considered at each reporting date and any changes will be recognised in the Statement of Comprehensive Income.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Principle accounting policies (continued)

(k) Impairment of non-financial assets

At each reporting date, the Co-operative reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Financial instruments

The Co-operative only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Principle accounting policies (continued)

(l) Financial instruments (continued)

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

(m) Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 10.

(n) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than twelve months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(o) Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.

(p) Government capital grants

Government capital grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Co-operative as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income over the useful life of the assets it relates to on completion of the development phase.

(q) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Co-operative recognises the grant in income on a systematic basis over the period in which the Co-operative recognises the related costs for which the grant is intended to compensate.

(r) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable. A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

2. Principle accounting policies (continued)

(s) Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Committee of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate	Basis of estimation
Useful lives of property and other fixed assets	The useful lives of property and other fixed assets are based on the knowledge of senior management at the Co-operative, with reference to expected asset life cycles.
The main components of Housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case-by-case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
The valuation of investment property	The investment property was valued by an appropriate employee surveyor using market data at the date of valuation.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

3. Particulars of turnover, operating costs and operating surplus

Income and Expenditure from lettings	2022			2021		
	Turnover	Operating Costs	Operating (Deficit)/ Surplus	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
Social lettings (note 4a)	913,601	(934,634)	(21,033)	910,193	(712,878)	197,315
Other activities (note 4b)	12,103	(4,433)	7,670	5,169	(1,306)	3,863
	<u>925,704</u>	<u>(939,067)</u>	<u>(13,363)</u>	<u>915,362</u>	<u>(714,184)</u>	<u>201,178</u>

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

	General needs housing £	2022 Total £	2021 Total £
Rent receivable net of service charges	822,942	822,942	819,904
Service charges	4,584	4,584	1,835
Rechargeable Income	1,173	1,173	10,623
Gross income from rents and service charges	828,699	828,699	832,362
Less voids	(11,084)	(11,084)	(11,004)
Net income from rents and service charges	817,615	817,615	821,358
Other revenue grants	13,961	13,961	6,810
Amortisation of SHG	82,025	82,025	82,025
Total turnover from social letting activities	<u>913,601</u>	<u>913,601</u>	<u>910,193</u>
Management and maintenance administration costs	250,313	250,313	185,350
Service costs	5,016	5,016	1,835
Planned and cyclical maintenance including major repairs costs	353,921	353,921	233,668
Reactive maintenance costs	158,422	158,422	138,438
Bad debts – rent and service charges	1,300	1,300	1,288
Depreciation of social housing	165,662	165,662	152,299
Operating costs for social letting activities	<u>934,634</u>	<u>934,634</u>	<u>712,878</u>
2022 Operating (deficit)/surplus for social letting activities	<u>(21,033)</u>	<u>(21,033)</u>	<u>197,315</u>
2021 Operating surplus for social letting activities	<u>197,315</u>	<u>197,315</u>	

The amount included in service charges receivable which was not eligible for Housing Benefit was £nil (2021: £nil). Included in depreciation of social housing is £nil (2021: £nil) relating to the loss on disposal of components.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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

	Other income £	Total turnover £	Other operating costs £	2022 Operating surplus £	2021 Operating surplus £
Other activities	12,103	12,103	(4,433)	7,670	3,863
Total from other activities – 2022	12,103	12,103	(4,433)	7,670	3,863
Total from other activities – 2021	5,169	5,169	(1,306)	3,863	

5. Interest receivable and other income

	2022 £	2021 £
Bank interest received	34,187	37,098

6. Tax on surplus on ordinary activities

	2022 £	2021 £
Current tax	7,953	7,783
Adjustment in respect of previous periods	-	4,005
Total current tax	7,953	11,788

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

	2022 £	2021 £
Factors affecting tax charge for the period:		
Surplus on ordinary activities before tax	18,824	237,276
Effects of:		
Corporation tax calculated at 19% (2021: 19%)	3,577	45,082
Income not chargeable for tax purposes and expenses not deductible	4,376	(37,299)
Adjustments in respect of previous periods	-	4,005
Total tax expense for the year	7,953	11,788

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

7. Employees	2022	2021
	£	£
Staff costs during year		
Wages and salaries	154,475	143,944
Social security costs	10,753	10,006
Other pension costs	15,425	15,038
	-----	-----
	180,653	168,988
	=====	=====

During the year past service deficit contributions of £28,744 (2021: £27,996) were paid. Of this payment, £27,844 (2021: £27,094) was a payment in respect of the SHAPS past service deficit liability. The remainder of £900 (2021: £902) was pension management costs which have been included in the pension contributions total included in staff costs above.

The average number of persons employed	2022	2021
	No.	No.
Administration and maintenance	5	5
	=====	=====
of which the average full-time equivalent is	4	4
	=====	=====

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.

Total expenses reimbursed insofar as not chargeable to UK Income Tax:	2022	2021
	£	£
Director	44	-
Committee of Management	-	-
	-----	-----

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.

Key management personnel consist of the Director and the Housing Officer.

Key management personnel	2021	2020
	£	£
Emoluments	96,351	90,002
Employer NI	10,487	9,996
Pension costs	9,655	9,000
	-----	-----
	116,493	108,998
	=====	=====

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

8. Operating (deficit)/surplus for the year	2022	2021
	£	£
The operating (deficit)/surplus for the year is stated after charging:		
Depreciation	166,847	153,485
Operating lease rentals - other	584	865
Auditor's remuneration	7,920	7,680
Auditor's remuneration - taxation services	1,038	994
	=====	=====
		Housing properties held for letting
		£
9. (a) Housing properties		
Cost		
1 April 2021		10,708,841
Additions		262,583
Disposals		(122,794)

31 March 2022		10,848,630

Depreciation		
1 April 2021		3,911,449
Charge for the year		165,662
Disposals		(122,794)

31 March 2022		3,954,317

Net book value		
31 March 2022		6,894,313
		=====
31 March 2021		6,797,392
		=====

None of the Co-operative's properties were held under lease. In the year £313,868 net of grant was spent on housing properties (2021: £32,830), of this £262,583 (2021: £4,364) was capitalised with the remainder £51,285 net of grant (2021: £28,466) being expensed through the Statement of Comprehensive Income.

A sum of £262,583 related to the replacement of components (2021: £4,364) and £Nil related to property improvements (2021: £Nil).

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

9. (b) Other fixed assets

	Investment property £	Office equipment £	Office equipment £	Garden equipment £	Computer equipment £	Total £
Cost						
1 April 2021	309,600	51,258	13,939	708	6,739	382,244
31 March 2022	309,600	51,258	13,939	708	6,739	382,244
Depreciation						
1 April 2021		51,258	13,939	708	4,115	70,020
Charge for year		-	-	-	1,185	1,185
31 March 2022	-	51,258	13,939	708	5,300	71,205
Net Book Value						
31 March 2022	309,600	-	-	-	1,439	311,039
31 March 2021	309,600	-	-	-	2,624	312,224

The investment property was revalued as at 1 April 2017 using the future rentals receivable. No changes to this value were made in the year.

The historical cost of the investment property is £31,235 (2021: £31,235).

10. Amounts falling due within one year

	2022 £	2021 £
Rental debtors	31,503	32,433
Provision for bad debts	(8,900)	(7,700)
	22,603	24,733
Prepayments and accrued income	53,172	46,419
	75,775	71,152

There were no amounts falling due after one year.

Movements in the provision for bad debts are included within operating costs.

11. Cash and bank balances

	2022 £	2021 £
Cash in hand and in bank	2,338,932	2,507,799

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

12. Creditors: Amounts falling due within one year	2022	2021	
	£	£	
Corporation tax	7,953	7,783	
Other taxes, social security and superannuation	8,042	7,962	
Rent in advance	12,432	14,787	
Accruals	77,659	33,996	
Trade creditors	19,313	32,773	
Deferred capital grants (note 14)	82,025	82,025	
SHAPS deficit repayment plan (note 17)	17,000	27,907	
	-----	-----	
	224,424	206,925	
	=====	=====	
13. Creditors: Amounts falling due after one year	2022	2021	
	£	£	
Commercial lease - deposit	3,892	3,838	
Deferred capital grants (note 14)	5,273,700	5,355,725	
SHAPS deficit repayment plan (note 17)	-	75,093	
	-----	-----	
	5,277,592	5,434,656	
	=====	=====	
14. Deferred capital grants	2022	2021	
	£	£	
Deferred capital grants at 1 April	5,437,750	5,519,775	
Released to income in the year	(82,025)	(82,025)	
	-----	-----	
Deferred capital grants at 31 March	5,355,725	5,437,750	
	=====	=====	
Split:			
Within one year	82,025	82,025	
Within 1 to 2 years	82,025	82,025	
Within 2 to 5 years	246,075	246,075	
Over 5 years	4,945,600	5,027,625	
	-----	-----	
Deferred capital grants at 31 March	5,355,725	5,437,750	
	=====	=====	
15. Deferred taxation			
	Accelerated	Other	
	capital	timing	
	allowances	differences	Total
	£	£	£
Provision at 1 April 2021	-	38,047	38,047
Charged to statement of comprehensive income	-	-	-
	-----	-----	-----
Provision at 31 March 2022	-	38,047	38,047
	=====	=====	=====

The reversal of deferred tax assets and liabilities in 2022 is not possible to quantify at this stage as this will depend on the movement in the market value of the investment property.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

16. Financial instruments	2022 £	2021 £
Financial assets		
Cash and cash equivalents	2,338,932	2,507,799
Financial assets measured at amortised cost	51,640	44,294
	-----	-----
	2,390,572	2,552,093
	=====	=====
Financial liabilities		
Financial liabilities measured at amortised cost	114,516	94,676
	=====	=====

Financial assets measured at amortised cost comprise net rental debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and the SHAPS deficit repayments plan.

17. Pension commitments

The Co-operative participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Co-operative is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive. The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

17. Pension commitments (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)

	2022	2021
	£	£
Fair value of plan assets	1,045,000	967,000
Present value of defined benefit obligation	1,062,000	(1,070,000)
	<u>(17,000)</u>	<u>(103,000)</u>
	=====	=====

Reconciliation of opening and closing balances of the defined benefit obligation

	2022
	£
Defined benefit obligation at start of period	1,070,000
Expenses	1,000
Interest expense	23,000
Actuarial losses (gains) due to scheme experience	40,000
Actuarial losses (gains) due to changes in demographic assumptions	3,000
Actuarial losses (gains) due to changes in financial assumptions	(71,000)
Benefits paid and expenses	(4,000)
	<u>1,062,000</u>
	=====

Reconciliation of opening and closing balances of the fair value of plan assets

	2022
	£
Fair value of plan assets at start of period	967,000
Interest income	21,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	32,000
Contributions by the employer	29,000
Benefits paid and expenses	(4,000)
	<u>1,045,000</u>
	=====

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £53,000.

Defined benefit costs recognised in statement of comprehensive income

	2022
	£
Expenses	1,000
Net interest expense	2,000
	<u>3,000</u>
	=====

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

17. Pension commitments (continued)

Defined benefit costs recognised in other comprehensive income	2022
	£
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	32,000
Experience gains and losses arising on the plan liabilities - gain (loss)	(40,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(3,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	71,000

Total amount recognised in other comprehensive income - gain (loss)	60,000
	=====

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e., the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment 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.

In May 2021 the Scheme Trustee (TPT Retirement Solutions) notified employers of a review of historic scheme benefit changes, and this review has raised legal questions regarding whether and when some historic benefit changes should take effect, the outcome of which could give rise to an increase in liabilities for some employers. The Scheme Trustee has determined that it is prudent to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before late 2024 at the earliest.

On 4 May 2022 the Scheme Trustee issued an update to employers which included an estimate of the potential total additional liabilities at total scheme level, on a Technical Provisions basis. However, until Court directions are received, it is not possible to calculate the impact of this issue on an individual employer basis with any accuracy. As a result of this no allowance will be made for this within the accounting disclosures included in this note.

18. Share capital	2022	2021
	£	£
Shares of £1 fully paid and issued at beginning of year	242	246
Shares issued during year	12	12
Shares cancelled in year	(13)	(16)
	-----	-----
Shares issued at end of year	241	242
	=====	=====

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 (continued)

For the year ended 31 March 2022

19. Net cash flow from operating activities	2022	2021
	£	£
Surplus for the year	71,062	132,488
Adjustments for non-cash items:		
Taxation	8,602	11,788
Depreciation tangible fixed assets	166,847	153,485
Increase in debtors	(4,627)	(12,723)
Increase in creditors	28,460	13,025
(Decrease)/increase in post-employment benefit obligations	(86,000)	93,000
Release of deferred capital grants	(82,025)	(82,025)
Adjustments for investing and financing activities		
Interest received	(34,187)	(37,098)
	-----	-----
Net cash inflow from operating activities	68,132	271,940
	=====	=====

20. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2021: £nil).
Amounts authorised by the Committee of Management but not contracted for amounted to £nil (2021: £nil).

21. Financial commitments

At 31 March 2022 the Co-operative had future minimum lease payments under non-cancellable operating leases as set out below:

	Other	Other
	2022	2021
	£	£
Operating leases payable:		
Within one year	584	865
Between one and five years	-	570
	-----	-----
	584	1,435
	=====	=====

22. Contingent liabilities

At 31 March 2022 apart from the matter outlined in Note 17 on Pension commitments, the Co-operative had £nil contingent liabilities (2021: £nil).

23. Housing stock

The number of units in management at 31 March 2021 was as follows:

	2022	2021
	£	£
General Housing Needs		
Rehabilitation	171	171
New build	14	14
	-----	-----
	185	185
	=====	=====

There is no Supported or Shared ownership accommodation.

There are no units managed by other bodies.

LISTER HOUSING CO-OPERATIVE LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

24. Related party transactions

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. The total rent receivable in the year relating to tenant Board members is £53,088 (2021: £50,474). The total rent arrears relating to tenant Board members included within debtors at the year-end is £707 (2021: £943).