

**APPROVED AT BOARD MEETING: 17/06/2009**

**COLNE HOUSING SOCIETY LIMITED**  
**BOARD REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**COLNE HOUSING SOCIETY**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2009**

The Board is pleased to present its report and the audited financial statements for the year ended 31 March 2009.

## **PRINCIPAL ACTIVITIES**

The Society is an exempt Charity registered under the Industrial and Provident Society Acts and registered with the Tenant Services Authority. The Society's Mission Statement sets out its principal activity which is to be:

*“a forward thinking, community based Society, providing, managing and maintaining excellent homes, and making a positive difference to the neighbourhoods in which we work”.*

## **REVIEW OF THE ACTIVITIES FOR THE YEAR**

The Society enjoyed another successful year. The surplus for the year was £1.231 million, and total reserves now stand at £23 million. The surplus reflects the Society's policy to invest significant sums to maintain and improve its properties.

The Society now has just under 2,300 properties in ownership or management, concentrated mainly in North Essex. It remains committed to being a growing, independent and community based housing association.

It has continued to invest heavily in improving its existing properties in order to ensure its tenants enjoy good quality homes, and to protect its income stream. The investment is based on the stock condition survey carried out in 2006 and updated on a rolling basis. During the year, £1.5 million was spent on major improvements to properties. Works included boiler, kitchen and window replacements, a rewiring programme, an external decoration programme and a number of improvements to communal areas.

Total capital expenditure on new homes was £13.3 million and 168 properties were either built, purchased or leased. £2.6 million Social Housing and other capital grant was received. At the end of the year confirmation had been received from the Homes and Communities Agency, local authorities and other partners of allocations which will allow the Society to provide more than 250 extra homes over the next two years.

The Society has entered into a joint venture arrangement with two other housing associations to outsource its development activities to a separate company called “Iceni Homes Limited”. The Society owns a third share of Iceni Homes Limited. The transactions with Iceni Homes Limited are disclosed in Note 4.

## **THE BOARD AND EXECUTIVE OFFICERS**

The Society has a Board, which directs the affairs of the Society in accordance with its objects and rules. The Board members and Executive officers are listed on pages 7 and 8. During the year W O'Neill, M Grey and D Austin Evans retired from the board.

Three members of the Board are co-opted from the local authorities in whose area the Society is most active, and one tenant sits as a Board member.

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Each member of the Board (excluding co-opted members) holds one fully paid share of £1 in the Society and acts in a voluntary capacity.

The Executive officers hold no shares in the Society, although they act as Executives within the authority delegated to them by the Board.

### **CORPORATE GOVERNANCE**

The Board recognises and supports the principles of the National Housing Federation's Code of Governance "Competence and Accountability 2005". The Board is however of the view that the current size of the Board is appropriate, and that maximum terms of office should not be set.

The Board has overall responsibility to the Society for setting its strategy and direction and agreeing plans to achieve these. Each Board member is responsible as a trustee and has a fiduciary responsibility to the Society. The Board had 12 members as at 31 March 2009. It meets quarterly.

The Board has delegated responsibility for specific areas of operation to the committees as listed below. The schemes of delegation are clearly defined and regularly reviewed to ensure that they continue to be appropriate in the light of operational experience.

- |                            |  |
|----------------------------|--|
| Audit                      | - Has 6 members and meets at least twice a year. It controls and monitors risk management and the work and performance of the internal audit function, providing the Board with an independent and objective view on financial and operational performance. In addition it considers the external auditor's management letter. |
| Finance & General Purposes | - Has 6 members and meets every 3 months. It recommends the budget for approval and monitors and controls the financial and administrative affairs of the Society.   |
| Personnel & Remuneration   | - Has 4 members and meets at least twice a year. It ensures that the Society has the appropriate human resources to meet its plans and objectives.   |
| Operations Committee       | - Has 7 members. It oversees the management and maintenance of the Society's properties, and the Society's development activities.   |

### **STATEMENT OF BOARD'S RESPONSIBILITY**

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the surplus or deficit of the Society for the period.

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In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by registered social landlords" (2008), subject to any material departures being disclosed and explained in the financial statements; and
- prepare them on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Society and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords - General Determination 2006. The Board is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by Registered Social Landlords" (2008).

## **INTERNAL CONTROL**

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed and is consistent with Turnbull principles as incorporated in the Housing Corporation's circular 07/07: Internal Controls Assurance.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

- **Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Society's activities. The executive team regularly considers reports on

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**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2009**

significant risks facing the Society and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- **Monitoring and corrective action**

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of the management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- **Control environment and control procedures**

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted, and disseminated to all employees the National Housing Federation's code of "**Competence and Accountability 2005**". This sets out the Society's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

- **Information and financial reporting systems**

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, target and outcomes.

The internal control framework and the risk management processes are subject to the regular review by Internal Audit who are responsible for providing independent assurance to the Board via its Audit Committee. The Audit Committee considered internal controls and risk at each of its meetings during the year, and has considered the Internal Auditor's annual review.

The Society has a strategy and policy on fraud covering prevention, detection and reporting of fraud, and the recovery of assets. It maintains a fraud register, which is reviewed by the board on a quarterly basis. No frauds were identified in 2008/09.

The Board has received the Chief Executive's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks, faced by the Society. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

## **GOING CONCERN**

The Board has a reasonable expectation that adequate resources exist for the Society to continue in operational existence for the foreseeable future and, therefore, that it is appropriate to adopt the going concern basis in preparing the financial statements.

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**POST BALANCE SHEET EVENTS**

The Board considers that there have been no events since the year end that have had a significant effect on the Society's financial position.

**EXTERNAL AUDITORS**

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

**DISCLOSURE OF INFORMATION TO AUDITORS**

At the date of making this report each of the Society's Board members, as set out on page 7, confirm the following:

- so far as each Board member is aware, there is no relevant information needed by the Society's auditors in connection with preparing their report of which the Society's auditors are unaware; and
- each Board member has taken all the steps that he ought to have taken as a Board member in order to make himself aware of any relevant information needed by the Society's auditors in connection with preparing their report and to establish that the Society's auditors are aware of that information.

**PAYMENT OF CREDITORS**

The Society agrees the terms of payment with suppliers in advance, ensures that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and pays in accordance with its contractual and legal obligations.

**CHARITABLE DONATIONS**

During the year the Society made a charitable donation of £2,458.

**ANNUAL GENERAL MEETING**

The annual general meeting will be held on 23 September 2009.

The report of the Board was approved on 17 June 2009 and signed on its behalf by:

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**M Powell Davies**  
**Chief Executive**

**COLNE HOUSING SOCIETY**  
**BOARD MEMBERS AND EXECUTIVE OFFICERS, ADVISORS AND BANKERS**  
**AS AT 31 MARCH 2009**

**Board**

Members of the Board as at 31 March 2009 are shown below together with the Committees of which they were members on that date.

	<b>Year First Joined Board</b>	<b>Operations</b>	<b>Finance &amp; General Purposes</b>	<b>Personnel</b>	<b>Audit</b>	<b>External Employment</b>
W. Frame	1996	X	X	X (C)		Retired
M. Andrews	2005		X	X	X (C)	Retired
I. Clark	2005		X (C)	X	X	Retired
R. A. Crayston	2006	X				Chartered Surveyor
R. C. Leng	1981		X		X	Financial Consultant
J. Ridley	2005	X (C)		X	X	Solicitor
C. Watson	2005	X				Retired
J. White	2004	X	X		X	Retired
C. Wilkinson	2007	X			X	Project Manager
Cllr A. Beale (Co-opted Member)	2007		X			Airport Security Officer
Cllr Mark Cossens (Co-opted Member)	2008					Managing Director
Cllr Beverly Oxford (Co-opted Member)	2008	X				Councillor

Note: (C) refers to Chairman

## COLNE HOUSING SOCIETY

### EXECUTIVE OFFICERS

		Year Appointed
M. Powell Davies BA FCIH	Chief Executive	1996
L. T. Shea FCCA	Deputy Chief Executive & Finance Director	2002
M. W. Buddery BA MCIH	Operations Director	1998

### EXTERNAL AUDITORS

Grant Thornton UK LLP  
Byron House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

### INTERNAL AUDITORS

Orbit Housing Group Limited  
Garden Court  
Harry Weston Road  
Binley Business Park  
Coventry  
CV3 2SU

### SOLICITORS

Ellison & Co  
Headgate Court  
Head Street  
Colchester  
Essex  
C01 1NP

### BANKERS

Barclays Bank PLC  
Level 28  
Churchill Place  
Canary Wharf  
London  
E14 5HP

### REGISTERED OFFICE

Digby House  
Riverside Office Centre  
Causton Road  
Colchester  
Essex  
C01 1RJ

Registered under the Industrial & Provident Societies Act 1965 - Reg. No. 20799R  
Registered under The Housing Act 1996 - Reg. No. LH1651

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLNE HOUSING SOCIETY**

We have audited the financial statements of Colne Housing Society for the year ended 31 March 2009, which comprise the balance sheet, the statement of total recognised surpluses and deficits, the income and expenditure account, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Society's members, as a body, in accordance with regulations made under 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 Society's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Board and Auditors**

The responsibilities of the board for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the board for the financial statements.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial & Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

We also report to you if, in our opinion, the Report of the Board is not consistent with the financial statements, if the Society has not kept proper accounting records or maintained a satisfactory system of control over its transactions, or if we have not received all the information and explanations we require for our audit.

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

### **Basis of Opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF COLNE HOUSING SOCIETY**

fraud or other irregularities or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Society as at 31 March 2009 and of its surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2006.

**Grant Thornton UK LLP**

Chartered Accountants and Registered Auditors

Cambridge, England

2009

**COLNE HOUSING SOCIETY LIMITED  
BALANCE SHEET**

**AS AT 31 MARCH 2009**

	Notes	2009 £'000	2008 £'000 Restated
<b>Tangible fixed assets</b>			
Housing properties – depreciated cost	3	107,309	94,551
Less: Social Housing and other Grants	3	<u>(46,521)</u>	<u>(44,005)</u>
		60,788	50,546
Other tangible fixed assets	3	135	154
Investments	4	<u>-</u>	<u>-</u>
		60,923	50,700
<b>Current assets</b>			
Properties for sale		-	79
Debtors	5	979	668
Cash at bank and in hand	6	<u>1,680</u>	<u>366</u>
		2,659	1,113
<b>Creditors:</b> Amounts falling due within one year	7	<u>(4,278)</u>	<u>(3,486)</u>
<b>Net current liabilities</b>		(1,619)	(2,373)
<b>Total assets less current liabilities</b>		<u>59,304</u>	<u>48,327</u>
<b>Creditors:</b> Amounts falling due after more than one year	8	36,524	26,778
Capital and reserves:			
Called-up share capital	9	-	-
Income and expenditure account	10	<u>22,780</u>	<u>21,549</u>
		22,780	21,549
		<u>59,304</u>	<u>48,327</u>

The notes on pages 15 to 32 form part of these financial statements.

The financial statements on pages 11 to 32 were approved by the Board on 17 June 2009 and were signed on its behalf by:

Board Member: _____	W Frame	Society Chairman
Board Member: _____	I Clark	Chairman of Finance & General Purposes Committee
Secretary: _____	L T Shea	Deputy Chief Executive, Finance Director & Company Secretary

**COLNE HOUSING SOCIETY LIMITED**  
**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b> <b>Restated</b>
Surplus for the financial year	1,231	1,588
Total recognised surpluses relating to the year	<u>1,231</u>	<u><u>1,588</u></u>
Prior year adjustment (see Note 25)	267	
<b>Total recognised surpluses since the last report</b>	<u><u>1,498</u></u>	

The notes on pages 15 to 32 form part of these financial statements.

**COLNE HOUSING SOCIETY LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	2009 £'000	2008 £'000 Restated
<b>Turnover: continuing activities</b>	22	8,833	8,619
Operating costs	22	<u>(6,205)</u>	<u>(5,571)</u>
<b>Operating surplus: continuing activities</b>	16	2,628	3,048
Surplus on sale of properties	18	71	98
Interest receivable and other income		8	14
Interest payable and similar charges	19	<u>(1,476)</u>	<u>(1,572)</u>
<b>Surplus for the financial year</b>	10	1,231	1,588
<b>Balance at 1 April 2008</b>		21,549	19,961
<b>Balance at 31 March 2009</b>	10	<u><u>22,780</u></u>	<u><u>21,549</u></u>

The notes on pages 15 to 32 form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

**COLNE HOUSING SOCIETY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
<b>Net cash flow from operating activities</b>			4,426		3,720
<b>Returns on investments and servicing of finance</b>	17		(1,642)		(1,579)
<b>Capital Expenditure</b>					
Acquisition and construction of housing properties		(13,556)		(9,496)	
Social Housing Grants received		2,279		2,876	
Purchase of other fixed assets		(17)		(12)	
Sale of housing properties		175		232	
			<u>(11,119)</u>		<u>(6,400)</u>
<b>Net cash outflow before management of liquid resources and financing</b>			(8,335)		(4,259)
<b>Management of liquid resources</b>	17		-		-
<b>Financing</b>	17		9,649		3,530
			<u>1,314</u>		<u>(729)</u>

**Reconciliation of operating surpluses to net cash inflow from operating activities:**

Operating surplus	2,628	3,048
Depreciation charges	629	532
Change in properties held for sale	79	(79)
Change in debtors	12	(85)
Change in creditors	1,078	304
Net cash inflow from operating activities	<u>4,426</u>	<u>3,720</u>

**Reconciliation of net cash flow to movement in net debt:**

Increase/(decrease) in cash	1,314	(729)
Cash inflow from increase in debt finance	(9,649)	(3,615)
Increase in net debt from cash flows	(8,335)	(4,344)
Changes in net debt from non-cash flows	(9)	(11)
	<u>(8,344)</u>	<u>(4,355)</u>
Net debt at start	(27,419)	(23,064)
Net debt at end	<u>(35,763)</u>	<u>(27,419)</u>

The notes on pages 15 to 32 form part of these financial statements.

**COLNE HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**1. LEGAL STATUS**

The Society is registered under the Industrial & Provident Societies Acts 1965 and is a Registered Social Landlord (RSL) registered with the Tenant Services Authority (TSA).

**2. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social landlords, issued in January (2008) and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006. The financial statements are prepared on the historical cost basis of accounting.

The prior period adjustment reflects a change in the accounting policy for shared ownership first tranche sales under SORP 2008. The effect of the change is shown in more detail in Note 25.

**Turnover**

Turnover comprises rental income receivable in the year, Supporting People contract income, fees and grants from local authorities and the Homes & Communities Agency (HCA) and other income.

Turnover also includes income from shared ownership first tranche sales and sales of properties built for sale at the invoiced value, which is recognised at the point of legal completion of the sale.

**Fixed assets and depreciation**

Tangible fixed assets, except housing land, are stated at cost less accumulated depreciation and any applicable grants. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Housing freehold buildings - New build	1%
Housing freehold buildings - Rehabilitated	2%
Housing leasehold buildings	Length of lease
Leasehold offices	Evenly over the period of the lease
Office furniture, computers and fittings	from 7.5% to 33 <sup>1</sup> / <sub>3</sub> %
Scheme Fittings	from 7.5% to 25%

**Housing properties**

Housing properties which are depreciated over a period in excess of 50 years are subject to annual impairment reviews. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus.

**COLNE HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**2. ACCOUNTING POLICIES (continued)**

Major components of housing properties, such as lifts and warden alarm systems, have been accounted for and depreciated separately from the connected housing property.

Housing properties in the course of construction are stated at cost and not depreciated. Housing properties are transferred to completed properties when they are ready for letting.

When housing properties are to be transferred to another association, the net costs, after SHG, are dealt with in current assets.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sale proceeds included in turnover, the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

**Social Housing Grant**

Social Housing Grant (SHG) is receivable from the HCA (formerly from the Housing Corporation) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Income & Expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

**Other grants**

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the Income & Expenditure account in the same period as the expenditure to which they relate.

**Property managed by agents**

The Society ensures that projects managed by agents are managed appropriately and conform to grant conditions laid down by the HCA. The Board has taken the view, in the light of Financial Reporting Standard 5: Reporting the Substance of Transactions (FRS5), that it should not consolidate the results of those Agents into these accounts as the surplus or deficit of the Agents is their responsibility. The Income and Expenditure Account shows those items that are the responsibility of the Society in relation to these hostels.

**Capitalisation of interest and administration costs**

Interest on loans financing a development is capitalised up to the date of completion of the scheme.

**COLNE HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**2. ACCOUNTING POLICIES (continued)**

**Pension costs**

The Society participates in the Social Housing Pension Scheme (SHPS), which is a funded multi-employer defined benefit scheme. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers in the SHPS scheme. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

**Properties for sale**

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

**Loan finance issue costs**

These are written off evenly over the life of the related loan. Loans are stated in the balance sheet at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off.

**Sale of properties**

First tranche sales of shared ownership properties are treated as disposals at cost and are included in the income and expenditure account as part of the sale of properties. Subsequent tranches are not included in turnover or cost of sales, but are shown as a separate item after the operating surplus in the income and expenditure account. All other sales of fixed asset properties are dealt with in this latter way.

**Disposal proceeds fund**

Proceeds from the sale of properties are calculated according to HCA rules and included in creditors.

**Recycled Capital Grant Fund**

Recycled Capital Grant is calculated according to HCA rules and included in creditors.

**Leased assets**

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account using the annuity method.

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

**COLNE HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**2. ACCOUNTING POLICIES (continued)**

**Service charge sinking funds**

Service charge sinking funds are dealt with as creditors.

**Works to existing housing properties**

The Society capitalises expenditure on housing properties which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

Improvements to property that relate to assets that have a separately identifiable life to the property concerned, are also capitalised but under a category separate from the property.

**Investments**

Investments in participating interests are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount. Cost consists of the purchase price for investment in shares and the value of a funding loan provided to the participating interest. Further details are given in Note 4.

Investment income is recognised on a receivable basis.

**COLNE HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

<b>3. TANGIBLE FIXED ASSETS</b>	-----Housing Properties -----							----- Other Fixed Assets -----				
	General Needs	Shared Ownership	Housing for Older People	Supported Housing	Intermediate	Under Construction	Total Housing Properties	Office furniture and fittings	Computers and equipment	Scheme Fittings	Digby Office	Total Other Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST</b>												
At 1 April 2008 restated	76,149	1,742	6,891	8,936	-	4,913	98,631	122	50	64	104	340
Properties acquired	3,369	-	-	462	1,564	-	5,395	-	-	-	-	-
Additions	5,247	55	4	112	735	1,724	7,877	11	4	1	1	17
Interest capitalised	162	-	-	7	14	-	183	-	-	-	-	-
Disposals	-	-	-	(110)	-	-	(110)	-	-	-	-	-
Transfers	4,663	44	-	-	45	(4,752)	-	-	-	-	-	-
<b>AT 31 MARCH 2009</b>	<b>89,590</b>	<b>1,841</b>	<b>6,895</b>	<b>9,407</b>	<b>2,358</b>	<b>1,885</b>	<b>111,976</b>	<b>133</b>	<b>54</b>	<b>65</b>	<b>105</b>	<b>357</b>
<b>DEPRECIATION</b>												
At 1 April 2008	3,410	23	280	367	-	-	4,080	41	40	38	67	186
Charge for year	456	11	36	84	6	-	593	10	7	7	12	36
Disposals	-	-	-	(6)	-	-	(6)	-	-	-	-	-
<b>AT 31 March 2009</b>	<b>3,866</b>	<b>34</b>	<b>316</b>	<b>445</b>	<b>6</b>	<b>-</b>	<b>4,667</b>	<b>51</b>	<b>47</b>	<b>45</b>	<b>79</b>	<b>222</b>
<b>SOCIAL HOUSING AND OTHER CAPITAL GRANT</b>												
At 1 April 2008	33,784	896	4,435	3,168	-	1,722	44,005	-	-	-	-	-
Additions	947	-	-	468	323	832	2,570	-	-	-	-	-
Disposals	-	-	-	(54)	-	-	(54)	-	-	-	-	-
Transfers	1,569	-	-	-	-	(1,569)	-	-	-	-	-	-
<b>AT 31 March 2009</b>	<b>36,300</b>	<b>896</b>	<b>4,435</b>	<b>3,582</b>	<b>323</b>	<b>985</b>	<b>46,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET BOOK VALUE</b>												
At 31 March 2009	49,424	911	2,144	5,380	2,029	900	60,788	82	7	20	26	135
At 31 March 2008	38,955	823	2,176	5,401	-	3,191	50,546	81	10	26	37	154

**COLNE HOUSING SOCIETY LIMITED  
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<b>3. TANGIBLE FIXED ASSETS (continued)</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Housing Properties after depreciation and SHG comprise:		
Freeholds	59,713	49,401
Long leaseholds	1,075	1,144
	60,788	50,545

<b>4. FIXED ASSET INVESTMENTS</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Participating interest in Icen Homes Ltd</b>		
Share Capital	2	2
	2	2

During the year the Society held 2 £1 ordinary shares in Icen Homes Ltd, a company registered in England and Wales. This represents a 33% holding of the issued share capital of Icen Homes Ltd.

Icen Homes Ltd was incorporated on 16 March 2004 and commenced trading on 1 July 2004. Its accounting reference date is 31 December. Its principal activity is the provision of property development services. Its profit before tax and gift aid for the period ended 31 December 2008 was £123K and its aggregate share capital and reserves at that date were £4.

During the year, Icen Homes Limited invoiced the Society £6,784K (2008: £5,790K) for development services provided to the Society. These costs are fully capitalised within housing properties additions. The Society recharged management fees of £103K (2008: £149K) to Icen Homes Limited. The Society is also due to receive a Gift Aid payment of £63K (2008: £108K) from Icen Homes Limited. The management fee income and the Gift Aid are both included in the Income & Expenditure Account.

<b>5. DEBTORS</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Rent and service charge arrears	360	266
Less: provision for bad debts	(217)	(196)
	143	70
Prepayments and accrued income	836	598
	979	668

**6. BANK BALANCES AND DEPOSITS**

Included in these balances, the Society holds cash for leaseholders in a separate bank account totalling £273,461 (2008: £283,189).

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**7. CREDITORS: Amounts falling due within one year**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors – capital	135	419
Trade creditors – revenue	774	573
Social housing grant received in advance	405	373
Taxation and social security payable	35	8
Pensions creditor	16	-
Accruals and deferred income	1,493	617
Loans repayable	1,162	1,194
Leaseholders funds in advance	258	302
	<b>4,278</b>	<b>3,486</b>

**8. CREDITORS: Amounts falling due after more than one year**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Loans repayable by instalments:-		
Within one year	1,162	1,194
Between one and two years	1,153	1,048
Between two and five years	4,559	3,144
In five years or more	30,910	22,566
	<b>37,784</b>	<b>27,952</b>
Less: loan issue costs	(341)	(167)
Less: repayable within one year	(1,162)	(1,194)
	<b>36,281</b>	<b>26,591</b>
Disposal proceeds fund	90	89
Recycled capital grant fund	153	98
	<b>36,524</b>	<b>26,778</b>

**Analysis of the Disposal proceeds fund:**

Disposal proceeds fund as at 1 April	89	-
Net sales proceeds recycled	-	88
Interest accrued	1	1
Disposal proceeds fund balance as at 31 March	<b>90</b>	<b>89</b>

**Analysis of the Recycled Capital Grant Fund:**

Recycled capital grant fund as at 1 April	98	70
Grants recycled	54	27
Interest accrued	1	1
Recycled capital grant fund balance as at 31 March	<b>153</b>	<b>98</b>

All loans are secured by specific charges on the Society's housing properties and are repayable from 3 to 31 years at rates of interest on the fixed loans between 4.56% and 11.17%.

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**9. CALLED UP SHARE CAPITAL**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Allotted, issued and fully paid		
At start of the year	11	11
Issued during the year	1	3
Cancelled during the year	(3)	(3)
At end of the year	<u>9</u>	<u>11</u>

The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights.

**10. INCOME AND EXPENDITURE ACCOUNT**

**£'000**

At 1 April 2008 as previously stated	21,282
Prior year adjustments (Note 25)	<u>267</u>
At 1 April 2008 as restated	21,549
Surplus for the year	1,231
At 31 March 2009	<u>22,780</u>

**11. CAPITAL COMMITMENTS**

**2009**  
**£'000**

**2008**  
**£'000**

Capital expenditure that has been contracted for but has not been provided for in the financial statements	3,606	7,663
Capital expenditure that has been authorised by the Board of management but has not yet been contracted for	13,541	12,333
	<u>17,147</u>	<u>19,996</u>

The above commitments will be financed primarily through borrowings (£10.4m) with the balance (£6.7m) funded through social housing grant.

**12. TAXATION**

The Society is an exempt charity and is not subject to Corporation Tax.

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**13. PENSION OBLIGATIONS**

**Social Housing Pension Scheme**

The Society participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate, until 31 March 2007. From April 2007 there are three benefit structures available, namely:

Final salary with a 1/60<sup>th</sup> accrual rate

Final salary with a 1/70<sup>th</sup> accrual rate

Career average revalued earnings with a 1/60<sup>th</sup> accrual rate

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

The Society has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members as at 31 March 2007 and the career average revalued earnings with a 1/60<sup>th</sup> accrual rate benefit structure for new entrants from 1 April 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 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, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Society paid contributions at the rate of 12.7% to 13.7%. Member contributions varied between 4.3% and 8.8% depending on their age.

As at the balance sheet date there were 36 active members of the Scheme employed by the Society. The annual pensionable payroll in respect of these members was £840k. The Society continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belong to individual participating employers. This is because the scheme is a multi employer scheme where the assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30<sup>th</sup> September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	<b>% pa</b>
Valuation Discount Rates	
Pre-retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa.

The long term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 <sup>th</sup> accrual rate	17.8
Final salary with a 1/70 <sup>th</sup> accrual rate	15.4
Career average revalued earnings with a 1/60 <sup>th</sup> accrual rate	14.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1<sup>st</sup> April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (ie a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1<sup>st</sup> October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1<sup>st</sup> April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

As a result of pension scheme legislation 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 ie 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.

The Society has been notified by the Pension Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30<sup>th</sup> September 2008. As of this date the estimated employer debt for the Society was £3.814 million.

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<b>14. DIRECTOR'S EMOLUMENTS</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
The aggregate emoluments payable to or receivable by directors		
Emoluments	246	268
	<hr/> 246	<hr/> 268
The remuneration paid to the highest paid Director of the Society excluding pension contributions:	<hr/> 86	<hr/> 78
	<hr/> <hr/>	<hr/> <hr/>

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the Society of £11,829 (2008: £10,745) was made in addition to the personal contribution of the Chief Executive. The meaning of directors for the purposes of this note is defined by the TSA as being a member of the Board, the Chief Executive and Senior Management Team. The Board of Management received no remuneration in the year.

<b>15. EMPLOYEE INFORMATION</b>	<b>2009 No.</b>	<b>2008 No.</b>
Average monthly number of employees (including the Chief Executive) expressed in full time equivalents:		
Office staff	38	37
Wardens, caretakers and cleaners	9	9
Full time equivalents	<hr/> 47	<hr/> 46
	<hr/> <hr/>	<hr/> <hr/>
	<b>2009 £'000</b>	<b>2008 £'000</b>
Staff costs (for the above persons):		
Wages and salaries	1,149	1,088
Social Security costs	90	87
Other pension costs	114	108
	<hr/> 1,353	<hr/> 1,283
	<hr/> <hr/>	<hr/> <hr/>

The pension cost charge represents contributions payable by the Society for the appropriate year and £16,402 (2008: £NIL) was owing at the end of the year.

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<b>16. OPERATING SURPLUS FOR THE YEAR</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
	This is arrived at after charging/(crediting):-		
	Depreciation of housing properties	583	496
	Depreciation of other tangible fixed assets	35	37
	Auditors remuneration (including VAT)		
	- for audit services	16	14
	Operating lease payments – land and buildings	367	310
		<hr/> <hr/>	<hr/> <hr/>

<b>17. CASH FLOW STATEMENT NOTES</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Returns on investments and servicing of finance</b>		
	Interest received	8	14
	Interest paid (including capitalisation)	(1,650)	(1,593)
		<hr/> <hr/>	<hr/> <hr/>
		<b>(1,642)</b>	<b>(1,579)</b>
	<b>Financing</b>		
	Loans received	11,000	15,200
	Loans repaid	(1,168)	(11,585)
	Loan issue costs	(183)	(85)
		<hr/> <hr/>	<hr/> <hr/>
		<b>9,649</b>	<b>3,530</b>

Change in net debt	At 1 April 2008 £'000	Cash flow £'000	Non-cash changes £'000	At 31 March 2009 £'000
Cash at bank and in hand	366	1,314	-	1,680
Debt due after one year	(26,591)	(10,843)	1,153	(36,281)
Debt due within the year	(1,194)	1,194	(1,162)	(1,162)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>(27,419)</b>	<b>(8,335)</b>	<b>(9)</b>	<b>(35,763)</b>

<b>18. SALE OF PROPERTY</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
	Shared ownership, subsequent tranches	-	98
	Other sales	71	-
		<hr/> <hr/>	<hr/> <hr/>
		<b>71</b>	<b>98</b>

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<b>19. INTEREST PAYABLE</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
On loans	1,650	1,593
Less: Capitalised	(183)	(117)
Loan expenses written off	9	96
	<u>1,476</u>	<u>1,572</u>

Capitalisation rate	6.0%	6.2%
---------------------	------	------

**20. OPERATING LEASES**

The Society holds properties under non-cancellable operating leases. At 31 March 2009 the Society had annual commitments under these leases as follows:-

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Leases expiring within the next year	26	19
Leases expiring in the second to fifth year	429	226
Leases expiring in more than five years	101	99
	<u>556</u>	<u>344</u>

**21. UNITS UNDER MANAGEMENT AND DEVELOPMENT – SOCIAL HOUSING**

	<b>2009</b>	<b>2008</b>
	<b>No</b>	<b>No</b>
<b>Units under management and owned</b>		
Housing for older people	188	186
Permanent general housing	1,515	1,384
Shared ownership	31	28
Leasehold schemes for the elderly	38	38
Supported housing bedspaces	106	100
Temporary general housing	66	40
Shared equity	53	53
	<u>1,997</u>	<u>1,829</u>
<b>Units under management and not owned</b>	224	222
<b>Bedspaces managed by Agents</b>	<u>44</u>	<u>47</u>
<b>Units under development</b>		
Permanent general needs	147	107
Shared Ownership	-	18
Supported Housing	19	13
	<u>166</u>	<u>138</u>

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**22. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	<b>Turnover</b>	<b>2009 Operating costs</b>	<b>Operating surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social Housing Lettings</b>	8,430	(5,815)	2,615
<b>Other social housing activities:</b>			
First tranche shared ownership sales	112	(79)	33
Shared equity sales	-	(53)	(53)
Managed associations	36	(30)	6
Other	255	(228)	27
	<u>8,833</u>	<u>(6,205)</u>	<u>2,628</u>

	<b>Turnover</b>	<b>2008 Operating costs</b>	<b>Operating surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social Housing Lettings</b>	7,641	(4,909)	2,732
<b>Other social housing activities:</b>			
First tranche shared ownership sales	672	(502)	170
Shared equity sales	1	-	1
Managed associations	26	(30)	(4)
Other	279	(130)	149
	<u>8,619</u>	<u>(5,571)</u>	<u>3,048</u>

See note 23 for a detailed analysis of the social housing lettings.

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**23. SOCIAL HOUSING LETTINGS**

	General needs	Housing for older people	Temporary	Supported Housing	Shared ownership	Total 2009	Total 2008
<b>INCOME</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent receivable net of identifiable service charges	6,071	601	398	473	71	7,614	6,827
Service income	145	245	1	45	139	575	509
Supporting People charges	-	116	-	2	-	118	117
<b>Net rental income</b>	<u>6,216</u>	<u>962</u>	<u>399</u>	<u>520</u>	<u>210</u>	<u>8,307</u>	<u>7,453</u>
Block Gross Subsidy	-	-	-	25	-	25	25
Grants	-	-	90	-	-	90	87
Other income	1	4	-	1	2	8	76
<b>Turnover from social housing lettings</b>	<u>6,217</u>	<u>966</u>	<u>489</u>	<u>546</u>	<u>212</u>	<u>8,430</u>	<u>7,641</u>
Services	188	270	-	55	63	576	523
Management	838	100	26	118	29	1,111	1,028
Routine maintenance	1,078	154	66	110	-	1,408	1,470
Planned maintenance	141	142	-	52	67	402	309
Major repairs expenditure	912	69	61	105	32	1,179	690
Support costs	-	116	-	22	-	138	134
Rent losses from bad debts	27	8	13	3	-	51	48
Depreciation of housing properties	458	33	-	81	11	583	483
Lease costs	13	-	346	-	8	367	224
<b>Operating costs on social housing lettings</b>	<u>3,655</u>	<u>892</u>	<u>512</u>	<u>546</u>	<u>210</u>	<u>5,815</u>	<u>4,909</u>
<b>Operating surplus on housing lettings</b>	<u>2,562</u>	<u>74</u>	<u>(23)</u>	<u>-</u>	<u>2</u>	<u>2,615</u>	<u>2,732</u>
<b>Void losses</b>	<u>40</u>	<u>13</u>	<u>6</u>	<u>9</u>	<u>-</u>	<u>68</u>	<u>47</u>

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**24. ACCOMMODATION MANAGED BY AGENTS** **2009** **2008**

No. of units of accommodation	44	47
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	44	47
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**25. PRIOR YEAR ADJUSTMENT**

The prior year adjustment reflects the change in accounting for shared ownership first tranche sales in accordance with SORP 2008. The previous SORP recommended that first tranche sale proceeds should be credited against shared ownership housing properties classified as fixed assets.

The SORP 2008 treatment requires an appropriate proportion of development costs representing first tranche development to be accounted for as current assets and the related sale proceeds shown in turnover. The remaining proportion of property development costs are accounted for as fixed assets with any subsequent sale treated as a disposal of the fixed asset.

The effect of the change in accounting policy is an increase in the Society's turnover for the year ended 31 March 2008 of £672k, and an increase in the operating costs of £502k with a consequent increase in surplus for the year of £170k. The cumulative effect on reserves is an increase of £267k.

The prior year adjustment to current asset balances for the Society for the year ended 31 March 2008 is an increase of £79k, being the transfer of the shared ownership first tranche proportion from fixed assets to current assets.

**26. RELATED PARTIES**

The Society holds a 33% interest in the issued share capital of Icen Homes Limited. Details of the transactions with Icen Homes Limited are given in Note 4.

There were no other related party transactions in the year.

**27. ACCUMULATED SOCIAL HOUSING GRANT**

The total accumulated amount of Social Housing Grant, both capital and revenue grant, received or receivable to 31 March 2009 was £42,453k (2008: £40,638k).