

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

Financial Statements

**Year ended
31 March 2011**

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

Annual report and financial statements year ended 31 March 2011

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THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

ADVISERS AND BANKERS

REGISTERED OFFICE

3 Marshalsea Road
London
SE1 1EP

INDEPENDENT AUDITORS

Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

INTERNAL AUDITORS

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

SOLICITORS PANEL

Winckworth Sherwood LLP
Minerva House
5 Montague House
London
SE1 9BB

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Glazer Delmar Solicitors
27-31 Northcross Road
East Dulwich
London
SE22 9BB

PRINCIPAL BANKER

Co-operative Bank Plc
78/80 Cornhill
London
EC3V 3NJ

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Members of the Board of Management of the Society who have served during the period 1 April 2010 to the date of signing these financial statements were as follows:

BOARD OF MANAGEMENT

Mrs Maureen Stables
Mr Glyn Thomas
Mr Mike Jeanes
Ms Paula Farrow
Mr Jon Fitzmaurice
Mr Munir Malik
Mr Stephen Mallaburn
Mr Cyril Davenport
Miss Theresa Lyons
Mr Lawrence Zollner
Dr Andrew Sincock (co-opted member)
Mr Steve Smith
Ms Beulah East (appointed -19 July 2010)

Each member of the Board of Management, or in the case of the representative members, their sponsoring Society, holds one fully paid share of £5 each in the Society. Co-opted members are not required to hold shares in the Society.

SENIOR MANAGEMENT TEAM

David A Rodgers	Executive Director
Les Haswell	Director of Operations
Maria McCarron	Housing Services Manager
Stephen Brown	Administration Manager and Society Secretary
Stephen Harriott	Interim Development and Maintenance Manager (left September 2010)
Previn Tailor	Finance Manager

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

31 March 2011

The Board of Management presents the financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activities of the Society are the provision of affordable housing to those in need and the provision of housing management, finance, maintenance, administrative and governance support services to client housing co-operatives that provide affordable housing for their members. This is achieved by developing affordable housing projects and, where residents wish and it is financially viable to do so, facilitating the establishment of a resident controlled housing co-operative and transferring ownership of the housing project to it. The Society also provides support services to housing co-operatives developed by others which wish to enter into a management contract to purchase the support services the Society provides.

REVIEW OF BUSINESS

A review of the Society's activities is contained in the Co-operative Development Society Limited's annual report.

RESULTS FOR THE YEAR

The Society made a surplus for the year after tax of £41,709 (2010: £121,351). The movement in revenue reserves is shown in note 18 to the financial statements.

During the year the Society continued the re-investment programme and improvement of its business activities in relation to delivery of services to tenants and its client co-operatives. As in the previous year, the Society actively engaged in exploring new business development opportunities. These activities were all funded from the operational income for the year.

FIXED ASSETS

Changes in fixed assets are shown in notes 11 and 12 of the financial statements.

SHARE CAPITAL

Changes in share capital are shown in note 17 of the financial statements.

FUTURE DEVELOPMENTS

The Society will continue to work towards its objective to provide accommodation to those in need. The Society continues to improve and develop new initiatives in education and training to enable the tenants to have control in the management and maintenance of their properties so that they can successfully operate their independent co-operatives.

Future development within the Society will have regard to the increasing demand for, and cost of, housing in the areas where the Society operates. The Society will continue to seek opportunities to build on its experience of developing and servicing client co-operatives by working closely with tenants and in partnership with other housing providers, contractors and local authorities to achieve its aims and the tenants' aspirations.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

31 March 2011

EMPLOYEES

At the year-end, the Society had 44 full and part time staff. The Society is committed to equality of opportunity in the employment of staff and its recruitment and employment policies reflect this. Staff receive information about the Society's activities by means of regular departmental meetings and team briefings. This helps to ensure their awareness of the Society's performance and objectives and the business environment in which it operates, and gives them opportunities to comment on and suggest improvements to plans and proposals.

The Society reviews and monitors health and safety. Staff are provided with training and education on health and safety matters.

It is the Society's policy that disabled people should receive full and fair consideration for all job vacancies for which they are suitable applicants. It seeks to assist employees who become disabled whilst employed by the Society to stay in its employment.

GOVERNANCE

The Society embraces the principles set out in 'Competence and accountability' the code of governance for members of the National Housing Federation published in September 2004. The Board of Management has confirmed its compliance with the original code and will ensure future compliance with the code in all areas, except as follows:

- The Board is committed to a democratically elected Board and encouraging the involvement of client co-operative representatives on the Board. In order to achieve this commitment and to ensure that the Board has the proper range of skills required, it has decided not to reduce the size of the Board to the recommended maximum of 12 as recommended by the Code of Governance.
- The Board continues to believe that paid members of staff should not serve as members of the Board of Management.
- The Board is committed to ensuring that new people with new ideas and skills become members of the Board. However, it does not believe that this should be achieved through the imposition of a maximum term of office for Board members as recommended in the code.

The Society is governed by a Board, comprising 12 voluntary, non-executive Board members. They are responsible for the overall strategic direction of the Society, including the determination of key policies and the monitoring of compliance with policies and performance targets. The members of the Society's Board of Management are listed on page 2 of this report. Day-to-day operational control of the Society is delegated to the Senior Management Team. The Senior Management Team is appointed on conventional contracts of employment with normal notice periods. The Senior Management Team is listed on page 2 of this report.

The Society's voluntary Board members are unpaid. Information relating to the Senior Management Team's remuneration is shown in note 8 to the financial statements.

The Society is committed to attaining the highest standards of corporate governance and will keep its Board structure and procedures under review.

The Society's Board meets every seven weeks. The Society is supported by the Finance & Administration Sub-committee, the Internal Control Sub-committee, the Business Development and Marketing Sub-committee and the Resident Quality Services Sub-committee, who consider these specialist areas of the Society's operation and report to the Board of Management.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

31 March 2011

TREASURY MANAGEMENT

The Board is responsible for determining the Society's treasury strategy including all borrowings and investments. The Society has adopted a Treasury Management Policy that sets out the parameters and controls for treasury activities. Treasury management revolves around the maintenance of the stable financial position of the Society, to ensuring that the Society has sufficient and appropriate facilities available to it to meet its borrowing requirements and funding needs, and sound cash management.

INTERNAL CONTROL

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

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk and that 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 is 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 the principles as incorporated in the Housing Corporation's circular 07/07; "Internal controls assurance". The Tenant Services Authority deleted Circular 07/07 but the Society will continue to follow its requirements, recognising that it still represents good practice in relation to internal control.

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

- 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. This process is co-ordinated through a regular reporting framework by the Senior Management Team which regularly considers reports on significant risks facing the Society and the team 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 management and to the Board. This includes an agreed programme of internal audit reviews designed to provide assurance on key internal controls. There is in place a rigorous procedure for ensuring that corrective action is identified 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 new investment projects. The Board has adopted and disseminated to all employees a code of conduct for Board members and staff based upon the NHF code of governance. 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

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

31 March 2011

issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, asset protection and fraud prevention and protection.

- Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for the subsequent four years, as well as detailed cash flows forecasts. 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, targets and outcomes.

- Arrangements for managing the risk of fraud

The Board has an anti-fraud policy which sets out the arrangements for preventing, detection and reporting of fraud. As part of the internal fraud review, the board has reviewed the fraud register.

- Key Risks

The Board considers that the key risks that are most likely to influence future performance are economic and political, staff turnover, information and communications technology, internal controls and health and safety.

- Internal audit

The internal control framework and risk management process are subject to regular review by the Internal Auditors who are responsible for providing independent assurance to the Board via its Internal Control sub-committee. The Internal Control sub-committee considers internal controls and risk at each of its meetings.

- Annual review of the effectiveness of internal controls

The Board confirms that it has received the annual report of the Internal control sub-committee and the senior management team on the effectiveness of internal controls and 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 has received the annual report of the Internal Control sub-committee and the Senior Management Team 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 on-going process for identifying, evaluating and managing significant risks faced by the Society. This process has been in place throughout the year under review and up to the date of the approval of these statements and is regularly reviewed by the Board. The Board confirms that no weaknesses in internal controls have resulted in any material losses, contingencies or uncertainties which would require disclosure in the financial statements.

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

The board of management is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

31 March 2011

Industrial and Provident Societies legislation in the United Kingdom requires the board of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society at the end of the year and of the surplus or deficit of the society for the year then ended.

In preparing those financial statements the board of management 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
- prepare the financial statements on a going concern basis.

The board of management is responsible for keeping and maintaining a satisfactory system of control over proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. It is also responsible safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors at the time the report is approved are aware:

- there is no relevant audit information of which the auditors are unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

INDEPENDENT AUDITORS

During the period, the Society put out to tender the provision of audit services. As a result of this process Grant Thornton UK LLP were appointed auditors to the Society replacing the previous auditors, BDO LLP.

By order of the Board of Management



S. BROWN

Secretary

Date: 12 September 2011

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

Independent auditor's report to the members of The Co-operative Development Society Limited

We have audited the financial statements of The Co-operative Development Society Limited for the year ended 31 March 2011 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the housing association's members, as a body, in accordance with regulations made under Section 4 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the housing 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 housing association and the housing association'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 the auditor

As explained more fully in the Statement of Board's Responsibilities as set out on page 6, the board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the 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.

Grant Thornton UK LLP

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Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: 9 September 2011

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 March 2011

	Note	2011 £	2010 £
TURNOVER	2	4,971,627	4,879,370
Operating costs	2	(4,701,464)	(4,584,297)
OPERATING SURPLUS	2	270,163	295,073
Surplus on sale of housing properties	4	-	86,979
Investment and other income	5	3,075	2,872
Interest payable and similar charges	6	(195,860)	(219,244)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	77,378	165,680
Tax on Surplus on ordinary activities	10	(35,669)	(44,329)
SURPLUS FOR THE FINANCIAL YEAR		41,709	121,351

All amounts relate to continuing activities.

All recognised gains and losses are included in the income and expenditure account.

The notes on pages 12 to 30 form part of these financial statements.

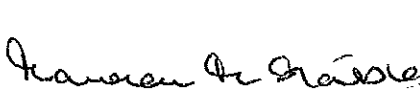
THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

BALANCE SHEET
31 March 2011


TANGIBLE FIXED ASSETS	Note	2011 £	2010 £
Housing properties	11	40,758,715	40,873,294
Less: Social Housing Grant	11	(26,446,222)	(26,446,222)
Other grants	11	(150,954)	(150,954)
		<u>14,161,539</u>	<u>14,276,118</u>
Other fixed assets	12	68,251	64,184
		<u>14,229,790</u>	<u>14,340,302</u>
CURRENT ASSETS			
Debtors	13	666,789	623,166
Cash at bank and in hand		1,043,789	1,472,827
		<u>1,710,578</u>	<u>2,095,993</u>
CREDITORS: amounts falling due within one year	14	1,756,614	1,981,404
NET CURRENT ASSETS		<u>(46,036)</u>	<u>114,589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,183,754</u>	<u>14,454,891</u>
CREDITORS: amounts falling due after more than one year	15	7,996,177	8,309,023
CAPITAL AND RESERVES			
Share capital	17	280	280
Revenue reserves	18	6,187,297	6,145,588
		<u>14,183,754</u>	<u>14,454,891</u>

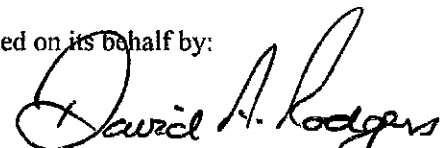
In view of the constitution of the Society all shareholdings relate to non-equity interests, as disclosed in note 17.

These financial statements were approved by the Board of Management and signed on its behalf by:


M. STABLES
 Chair


M. MALIK
 Treasurer


S. BROWN
 Secretary


D.A. RODGERS
 Executive Director

Date of approval: 12 September 2011

The notes on pages 12 to 30 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2011

	Note	2011 £	2011 £	2010 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)		149,995		792,103
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		3,075		2,872	
Interest paid		(195,753)		(219,244)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE			(192,678)		(216,372)
TAXATION					
Corporation tax paid		(44,321)		(26,274)	
			(44,321)		(26,274)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of fixed assets housing properties		(5,674)		(3,559)	
Social Housing Grant received				-	
Proceeds of sales of housing properties				139,721	
Disposal of tangible fixed assets				-	
Purchase of other tangible fixed assets		(39,253)		(21,306)	
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE & FINANCIAL INVESTMENT			(44,927)		114,856
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(131,931)		664,313
FINANCING					
Shares issued		5		-	
Housing Loans repaid	19(b)	(297,112)		(285,667)	
NET CASH (OUTFLOW) AFTER FINANCING			(297,107)		(285,667)
(DECREASE)/INCREASE IN CASH AT BANK AND IN HAND	19(c)		(429,038)		378,646

The notes on pages 12 to 30 form part of these financial statements.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS

31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with items which are considered material in relation to the Society's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP), the Statement of Recommended Practice "Accounting by Registered Social Landlords" 2008 ("SORP"), the Accounting Requirements for Registered Social Landlords General Determination 2006 and under the historical cost accounting rules.

Turnover

Turnover represents rental income which is recognised in the month of the tenant charge (receivable net of rent losses from voids), leaseholder service charges, management fees and grants from local authorities and the Homes and Communities Agency (formerly the Housing Corporation), first tranche sales of low cost home ownership properties and proceeds from sale of housing properties developed for sale.

Value Added Tax

The Society is VAT registered but a large proportion of its income, comprising rents, is exempt for VAT purposes. Accordingly expenditure relating to rental income is shown inclusive of VAT in these accounts. VAT on expenditure relating to taxable supplies is reclaimable in full and, accordingly, this expenditure is shown net of VAT in these accounts. For expenditure of a general nature (i.e. certain overheads) which cannot be directly attributed to exempt or taxable supplies the partial exemption provisions apply. This expenditure is accounted for net and irrecoverable VAT is charged to other expenditure.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Improvements to leasehold offices	-	over the term of the lease
Office furniture and equipment	-	20%
Computer equipment	-	20%
Tenant services equipment	-	25%
Housing properties (rented and shared ownership)	-	over a period ranging from 76 to 100 years

Freehold land is not depreciated unless a permanent diminution in value occurs.

The Society undertakes an annual impairment review of all housing properties. Where there is evidence of impairment, a provision is made to reflect the impairment in the carrying value of the relevant properties.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Fixed assets - Housing land and buildings

Housing properties both completed and in the course of construction are stated at cost. The cost of such housing properties includes the following:

- i) cost of acquiring land and buildings
- ii) construction expenditure
- iii) directly attributable development administration costs
- iv) interest charged on the attributable development loans raised to finance the scheme
- v) major repairs which represent improvements which enhance housing properties and add significantly to the life of properties and which add value (major repairs failing this requirement are charged to the income and expenditure account).

Low cost home ownership and stair casing

Under shared ownership arrangements, the Society disposes of a long leasehold interest in low cost home ownership properties to the persons occupying them, at a premium equal to a percentage of the open market value (the "first tranche"). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ("stair casing").

A shared ownership property consists of two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by the Society, which is recorded as a fixed asset in the same manner as for general needs housing properties.

Proceeds of sale from first tranches are accounted for as turnover in the income and expenditure account, with the apportioned cost being shown within operating results as a cost of sale. Where a development is evaluated as a single scheme but has more than one element (mixed development), such that one or more of the elements is expected to generate a surplus and one or more of the other elements is impaired, then any surplus, e.g. on first tranche shared ownership sales, is not recognised in its entirety, the additional cost of sale coming from the impaired asset.

Subsequent tranches sold ("staircasing") are disclosed in the income and expenditure account after operating results as a surplus or deficit on the disposal of fixed assets.

Social Housing Grant in respect of low cost home ownership properties is allocated against the fixed asset element of the property and is treated as a deduction from fixed assets.

Housing Association Grant and Social Housing Grant

Housing Association Grant (HAG) is a capital grant made to the Society prior to the 1996 Housing Act towards the cost of acquiring and/or building additional housing for rent or sale. Under shared ownership arrangements, HAG was paid by the Homes and Communities Agency on a basis related to cost, but varying according to area and type of scheme. Following the 1996 Housing Act, the Society is eligible for Social Housing Grant (SHG) towards expenditure on housing activities.

Where general needs and shared ownership developments have been financed wholly or partly by HAG or SHG and other capital subsidies, the cost of these developments has been reduced by the amount of the grant receivable.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES (continued)

HAG and SHG are repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the HAG or SHG repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Homes & Communities Agency's right to recover HAG and SHG to their own loans.

SHG which is received in advance of total development costs is shown as a current liability.

SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Recycled Capital Grant Fund

Following certain relevant events, primarily the sale of dwellings, the Homes & Communities Agency can direct the Society to recycle capital grant or to repay the recoverable capital grant back to the Agency. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate to the circumstances.

Pension costs

The main scheme that the Society participates in is the Social Housing Pension Scheme (SHPS). Whilst this is a defined benefit scheme, the fund managers of the scheme are not able to identify the Society's share of the underlying assets and liabilities. The scheme is therefore accounted for as a defined contributions scheme.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employee's services. The difference between the charge to the income and expenditure account and the contributions paid to the scheme is included in creditors in the balance sheet.

Provisions

The Society only makes provision for any contractual and constructive liabilities existing at the balance sheet date.

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the respective lease terms.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Society anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

2 TURNOVER, OPERATING COSTS AND OPERATING SURPLUS BEFORE TAX

	2011		2010			
	Turnover	Operating Costs	Operating Surplus/ (Deficit)	Turnover	Operating Costs	Operating Surplus/ (Deficit)
	£	£	£	£	£	£
Income and expenditure from social housing lettings (note 3)						
Housing accommodation	3,088,349	(2,598,891)	489,458	3,035,573	(2,420,281)	615,292
Shared ownership accommodation	279,062	(121,542)	157,520	282,998	(128,509)	154,489
	<u>3,367,411</u>	<u>(2,720,433)</u>	<u>646,978</u>	<u>3,318,571</u>	<u>(2,548,790)</u>	<u>769,781</u>
Other income and expenditure						
Fees from managed associations	1,378,511	(1,512,585)	(134,074)	1,413,801	(1,567,796)	(153,995)
Tenant participation/training	20,894	(31,130)	(10,236)	8,613	(16,284)	(7,671)
Development cost	-	-	-	-	-	-
Co-op development/education	-	(45,001)	(45,001)	-	(48,952)	(48,952)
Leasehold services	131,086	(174,725)	(43,639)	85,750	(113,661)	(27,911)
Business development	-	(95,482)	(95,482)	-	(105,525)	(105,525)
Mutual Home Ownership	-	(74,790)	(74,790)	-	(95,137)	(95,137)
Other	39,055	(26,457)	12,598	17,256	(83,541)	(66,285)
ICA costs	-	(14,498)	(14,498)	-	-	-
Non social housing activities						
Commercial letting	34,670	(6,363)	28,307	35,379	(4,611)	30,768
	<u>4,971,627</u>	<u>(4,701,464)</u>	<u>270,163</u>	<u>4,879,370</u>	<u>(4,584,297)</u>	<u>295,073</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

3 INCOME AND EXPENDITURE FROM LETTINGS

	Housing Accommodation £	Shared Ownership £	Total 2011 £	Total 2010 £
Income from lettings				
Rents receivable net of identifiable service charges	2,953,031	237,532	3,190,563	3,139,957
Service charges receivable	135,318	41,530	176,848	178,614
Total Income from Lettings	3,088,349	279,062	3,367,411	3,318,571
Revenue Grant (Recycled Capital Grant)	-	-	-	-
Total income from social housing lettings	3,088,349	279,062	3,367,411	3,318,571
Expenditure on lettings				
Estate Services	144,147	25,314	169,461	176,415
Management	438,346	74,662	513,008	501,467
Routine maintenance	667,705	6,599	674,304	628,445
Cyclical repairs and maintenance	553,822	-	553,822	144,826
Rent losses from bad debts	9,759	764	10,523	6,378
Major repairs expenditure	679,062	-	679,062	954,929
Depreciation	106,050	14,203	120,253	136,330
Total expenditure from lettings	2,598,891	121,542	2,720,433	2,548,790
Operating surplus on lettings activities	489,458	157,520	646,978	769,781
Rent losses from voids	(19,938)	-	(19,938)	(22,862)
Expenditure on works to existing properties				
Amounts expensed to the income and expenditure account (as above)	679,062	-	679,062	954,929
Amounts capitalised in fixed asset housing properties (note 11)	-	-	-	-
Total	679,062	-	679,062	954,929

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

4 SURPLUS ON SALE OF HOUSING PROPERTIES

	Right to buy sales £	Shared Ownership staircasing £	Total 2011 £	Total 2010 £
Sale proceeds	-	-	-	202,000
Less cost of sales:	-	-	-	-
Net book value of assets sold (note 11)	-	-	-	52,742
Selling & Other costs				62,279
	-	-	-	115,021
Surplus for the year	-	-	-	86,979

5 INTEREST RECEIVABLE

	2011 £	2010 £
Other interest receivable	3,075	2,872
	<u>3,075</u>	<u>2,872</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
On bank loans, overdrafts and other loans repayable wholly or partly after more than 5 years	195,860	219,244
	<u>195,860</u>	<u>219,244</u>

7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

	2011 £	2010 £
Is stated after charging:		
Depreciation	155,438	166,357
Operating lease rentals: land and buildings	118,000	118,000
Auditors' remuneration:		
BDO Stoy Hayward LLP-in their capacity as auditors		23,030
- in respect of other services		17,507
Grant Thornton LLP - in their capacity as auditors	11,500	-
- in respect of other services	2,000	-
	<u>2,000</u>	<u>-</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

8 DIRECTORS' REMUNERATION

For the purpose of this disclosure the directors are defined as the members of the Board of Management, the Executive Director and the Senior Management Team.

None of the Board of Management received any emoluments.

	2011	2010
	£	£
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	299,623	291,738
Emoluments payable to the highest paid director (excluding pension contributions but including benefits in kind)	69,701	69,709
Total expenses reimbursed to the directors not chargeable to United Kingdom income tax	6,089	8,345

9 EMPLOYEE INFORMATION

	2011	2010
	Number	Number
The average monthly number of employees (including the Executive Director) expressed in full time equivalents during the year was:	44	41
Staff costs were as follows:	£	£
Wages and salaries	1,394,551	1,328,636
Social security costs	121,391	114,378
Other pension costs	152,070	146,625
	1,668,012	1,589,639

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

10 TAXATION

	2011 £	2010 £
UK corporation tax	35,700	44,352
Adjustment in respect of previous year	(31)	(23)
	<u>35,669</u>	<u>44,329</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £	2010 £
Surplus on ordinary activities before tax	77,378	165,680
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 21% (2010: 21%)	<u>16,249</u>	<u>34,793</u>
Effects of:		
Non-qualifying depreciation on properties	25,253	28,719
Capital allowances in excess of qualifying depreciation	(4,093)	(5,503)
Adjustment in respect of previous year	(31)	(23)
Indexation allowances on capital disposals in period	-	(13,657)
Other adjustments	<u>(1,709)</u>	<u>-</u>
Current tax charge for period	<u>35,669</u>	<u>44,329</u>

There is a deferred tax liability of £1,312 which has not been provided for within these accounts.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

11 TANGIBLE FIXED ASSETS – Housing properties

	Completed housing properties held for letting £	Completed shared ownership housing properties £	Total £
Cost			
At 1 April 2010	38,259,664	3,945,966	42,205,630
Additions	5,674	-	5,674
At 31 March 2011	38,265,338	3,945,966	42,211,304
Depreciation & Impairment			
At 1 April 2010	1,244,553	87,783	1,332,336
Charge for the year	106,050	14,203	120,253
At 31 March 2011	1,350,603	101,986	1,452,589
Social Housing Grant and Housing Association Grant			
At 1 April 2010 and at 31 March 2011	24,324,809	2,121,413	26,446,222
Other grants			
At 1 April 2010 and at 31 March 2011	150,954	-	150,954
Net book value:			
At 31 March 2011	12,438,972	1,722,567	14,161,539
At 31 March 2010	12,539,348	1,736,770	14,276,118

All properties are freehold and charges to secure loans exist over them.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

12 OTHER FIXED ASSETS

	Improvements to leasehold offices £	Office furniture, equipment & computer equipment £	Tenant services equipment £	Total £
Cost				
At 1 April 2010	241,154	363,110	22,228	626,492
Additions	-	8,587	30,665	39,252
Disposals	-	(34,340)	-	(34,340)
At 31 March 2011	241,154	337,357	52,893	631,404
Depreciation				
At 1 April 2010	240,588	300,175	21,545	562,308
Charge for year	566	26,611	8,008	35,185
Disposals	-	(34,340)	-	(34,340)
At 31 March 2011	241,154	292,446	29,553	563,153
Net book value				
At 31 March 2011	-	44,911	23,340	68,251
At 31 March 2010	565	62,936	683	64,184

13 DEBTORS

Amounts receivable within one year:	2011	2010
	£	£
Rent and service charge arrears	157,919	141,167
Less: provision for bad debts	(84,592)	(76,501)
	73,327	64,666
Amounts due from independent primaries	234,167	227,047
Car purchase loans to staff	6,871	8,898
Other debtors and prepayments	352,424	322,555
	666,789	623,166

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

14 CREDITORS

Amounts falling due within one year:	2011	2010
	£	£
Housing loans (instalment debt)	352,944	337,113
Capital expenditure on housing properties	30,865	30,865
Other taxation and social security payable	52,495	59,055
Rent and service charges received in advance	112,780	104,288
Corporation Tax	35,700	44,352
Amounts due to independent primaries	389,928	370,165
Cyclical funds held on behalf of others	172,975	165,366
Other creditors and accruals	608,927	870,200
	<hr/> 1,756,614	<hr/> 1,981,404

15 CREDITORS

Amounts falling due after more than one year:	2011	2010
	£	£
Recycled capital grant fund	47,999	47,892
Housing loans	7,948,178	8,261,131
	<hr/> 7,996,177	<hr/> 8,309,023

Housing loans are secured by specific charges on the Society's housing properties and are repayable at varying rates of interest in instalments due as follows:

	2011	2010
	£	£
In one year or less	352,944	337,113
Between one and two years	756,273	721,090
Between two and five years	1,533,345	1,339,570
Due after more than five years	5,658,560	6,200,471
	<hr/> 8,301,122	<hr/> 8,598,244

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

16 RECYCLED CAPITAL GRANT FUND

	2011	2010
	£	£
As at 1 April	47,892	-
Grants recycled	-	45,573
Interest accrued	107	71
Simple interest	-	2,248
At 31 March	<u>47,999</u>	<u>47,892</u>

During the year nil (2010:£47,821) SHG was recycled including simple interest on disposal of properties under Right to Buy and Staircasing.

The notional interest charged to the fund was £107 (2010:£71).

17 NON-EQUITY SHARE CAPITAL

	2011	2010
	£	£
Ordinary shares of £5 each issued and fully paid		
At 1 April	280	280
Issued during year	5	-
Cancelled during year	(5)	-
At 31 March	<u>280</u>	<u>280</u>

Each member of the Board of Management either holds one £5 share in the Society or is the representative member of a corporate member of the Society that owns one £5 share in the Society.

During the year, a new share was issued to an applicant for membership of the Society and a share cancelled on the death of a member.

18 REVENUE RESERVES

	2011	2010
	£	£
At 1 April	6,145,588	6,024,237
Surplus for year	41,709	121,351
At 31 March	<u>6,187,297</u>	<u>6,145,588</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

19 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating surplus to net cash inflow from operating activities

	2011	2010
	£	£
Operating surplus	270,163	295,073
Depreciation charges	155,439	166,357
Change in debtors	(43,623)	73,922
Change in creditors	(231,984)	256,751
	<u>149,995</u>	<u>792,103</u>

b) Reconciliation of net cash inflow to movement in net debt

	2011	2010
	£	£
(Decrease)/Increase in cash in the year	(429,038)	378,646
Cash outflow from decrease in debt	297,122	285,667
	<u>(131,916)</u>	<u>664,313</u>
Movement in net debt in the period		
Net debt at 1 April 2010	(7,125,417)	(7,789,730)
Net debt at 31 March 2011	<u>(7,257,333)</u>	<u>(7,125,417)</u>

c) Analysis of changes in net debt

	At 1		At 31
	April		March
	2010	Cash flow	2011
	£	£	£
Cash at bank and in hand	1,472,827	(429,038)	1,043,789
Debt due within one year	(337,113)	(15,831)	(352,944)
Debt due after one year	(8,261,131)	312,953	(7,948,178)
Total	<u>(7,125,417)</u>	<u>(131,916)</u>	<u>(7,257,333)</u>

20 PENSION COSTS

Defined benefit scheme

The Society participates in SHPS (the Scheme). The Scheme is funded and is contracted-out of the State Pension 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 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Society operated the final salary with a 1/60th accrual rate benefit structure for all its members including new entrants into the scheme. From 1 April 2010 the Society, after consultation with members, adopted the career average revalued earnings (CARE) with a 1/60th accrual rate for both existing and new members.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, 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. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

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 7.4% and member contributions varied between 6.9% and 7.5%. In addition the Society paid contributions towards past deficits at the rate of 7.5% of existing Members salaries at October 2009.

As at the balance sheet date there were 28 active members of the Scheme employed by the Society. The annual pensionable payroll in respect of these members was £927,154. The Society continues to offer membership of the Scheme to its employees.

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

20 PENSION COSTS (continued)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, 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 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 69.7%.

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

Valuation Discount Rates:	% p.a.
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 Pension Protection Fund (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% p.a.
- Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% p.a.

The long-term joint contribution rates required from April 2010 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 1/60th accrual rate	17.8
Final salary with a 1/70th accrual rate	15.4
Career average revalued earnings (CARE) with a 1/60th accrual rate	14.9
Final salary with a 1/80th accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80th accrual rate	11.9

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 of 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,

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

20 PENSION COSTS (continued)

increasing each year in-line with salary growth assumptions, from 1 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 (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of 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 SHPS.

Employers joining the Scheme after 1 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 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 is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

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 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

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

20 PENSION COSTS (continued)

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 Pensions 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 September 2010. At this date the estimated employer debt for the Society was £3,900,000.

Defined contribution scheme

In addition to participation in the SHPS defined benefit scheme, staff employed prior to February 1990 could elect to receive contributions to personal pension plans.

The charge to the Society for the year was £21,814 (2010: £21,567) covering 4 (2010: 4) employees.

Executive Director

The Executive Director is a member of a personal pension plan defined contribution scheme which has contributions from the Society in line with those prevailing for employees generally. The employer contribution made was £8,074 (2010 £7,973).

21 CAPITAL COMMITMENTS

	2011	2010
	£	£
Capital commitments:		
Expenditure that has been contracted for but has not been provided for in the financial statements	37,878	-
Expenditure that has been authorised by the Board of Management but has not yet been contracted for	<u>985,077</u>	<u>948,051</u>

22 OPERATING LEASE COMMITMENTS

	2011	2010
	£	£
The payments which the Society is committed to make in the next year under operating leases are as follows:		
Land and buildings, leases expiring:		
After five years	<u>118,000</u>	<u>118,000</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 March 2011

23 CONTINGENT LIABILITIES

- i) There were nil contingent liabilities (2010: nil) arising from contractual disputes.
- ii) The Society is a party to arrangements where Building Societies have advanced mortgages to enable tenants to purchase a part of their home under shared ownership arrangements. Under these arrangements the Building Society has recourse to the Society's share of the property in the event of default by the shared owner. Housing Association Grant retained covers most of these losses but uncovered losses, for which no provision has been made, are considered not to exceed £100,000.

24 UNITS AND BED SPACES

	2011 Number	2010 Number
Units in management at end of year		
Units for rent	689	689
Shared ownership units	114	114
	<u>803</u>	<u>803</u>

25 ACCUMULATED SOCIAL HOUSING GRANT

	Treated as a capital grant (see note 11) £	Treated as revenue income £	Total 2011 £	Total 2010 £
At beginning of year	26,446,222	1,943,427	28,389,649	28,435,222
Recycled in year	-	-	-	(45,573)
At end of year	<u>26,446,222</u>	<u>1,943,427</u>	<u>28,389,649</u>	<u>28,389,649</u>

THE CO-OPERATIVE DEVELOPMENT SOCIETY LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued) 31 March 2011

26 RELATED PARTY TRANSACTIONS

- (a) Certain members of the Society's Board of Management are also committee members of some independent primary and founder member co-operatives with whom the Society has had dealings during the year. All transactions between the Society, the primary and the founder member co-operatives were conducted on an arm's length basis on normal trading terms.

The total value of fees receivable from founder member co-operatives was £199,844 (2010: £185,280) and the net balance due from founder member co-operatives at 31 March 2011 was £14,961 (2010: £38,414).

- (b) Board members Maureen Stables, Munir Malik and the Executive Director, David A Rodgers are directors of the Co-operative Housing Finance Society Limited and David A Rodgers is involved in other organisations with whom the Society has dealings as follows:

	Involvement in the organisation	Nature of Transaction	Amount of Transaction £	Balances Outstanding at 31 March 2011 £
Co-operative Housing Finance Society	Director	Management Services	4,093	2,931
London Federation of Housing Co-operatives (until June 2010)	Executive Committee Member	Subscription	600	-
International Co-operative Alliance	Housing Board President	Subscription	-	-

The transactions with the above were conducted on an arm's length basis under normal trading terms.

27 LEGISLATIVE PROVISIONS

The Society is incorporated under the Industrial and Provident Societies Act 1965 with registration number 17107R and is a Registered Social Landlord registered with the social housing regulator, the Tenant Services Authority, (formerly the Housing Corporation) with number LH0170 under the Housing Act 1996.