

**CAIRN HOUSING ASSOCIATION LIMITED**  
**REPORT and FINANCIAL STATEMENTS**  
**For the year ended 31 March 2012**

**CAIRN HOUSING ASSOCIATION LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**

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**CAIRN HOUSING ASSOCIATION LIMITED**

**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS**

**Committee of Management**

Mrs J Slater, Chairperson  
Mrs A G Gaunt (retired 23 September 2011)  
Mr W R K Hay (retired 23 September 2011)  
Mr R F McDonald  
Mr A C Fraser  
Mr D Venters  
Mr K Ward  
Mr T Hailey  
Mr J Woods  
Mr E T M Bell-Scott  
Mr S E G Guest  
Ms G Walch  
Mr T O'Sullivan (appointed 23 September 2011)

**Executive Officers**

Mr B Gegan, Chief Executive and Secretary (retired 8 December 2011)  
Mr J MacGilp, Chief Executive and Secretary (appointed 8 December 2011)  
Mrs Irene Hughes, Deputy Chief Executive

**Head Office**

22 York Place  
Edinburgh  
EH1 3EP

**Auditor**

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

**Solicitors**

Blair Cadell WS  
South Forrest Solicitors  
T C Young, Solicitors  
Brodies LLP  
Mackenzie Law Practice

**Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

**Other Lenders**

Santander plc  
Dunfermline Building Society

**Registration numbers**

Industrial & Provident Society  
The Scottish Housing Regulator  
Scottish Charity Number

2335R(S)  
HEP218  
SC016647

# CAIRN HOUSING ASSOCIATION LIMITED

## REPORT of the COMMITTEE OF MANAGEMENT

### For the year ended 31 March 2012

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

#### **Principal Activities**

The principal activities of the Association are the provision of affordable housing and related services for tenants and other parties.

#### **Review of the business**

The financial year to 31 March 2012 has been a year of change for Cairn Housing Association. A new Chief Executive was appointed, and a number of new members being appointed to the Committee of Management in 2011 following a successful recruitment drive.

Whilst the change brought about its challenges, the Association has achieved a number of notable successes in 2011/12:

- ✓ Sign off of the completion our Improvement Plan by the Scottish Housing Regulator.
- ✓ Delivery of 54 new homes (32 rented and 22 Shared Ownership).
- ✓ A national award in the Employer of the Year category at the Scottish Business Diversity Awards.
- ✓ 1,000<sup>th</sup> Client for the Handyperson Service in the Highlands, first set up in 2009.
- ✓ Our first Tenants' Conference in Inverness.
- ✓ Investment of £4 million in our existing housing stock through planned, cyclical and responsive maintenance.
- ✓ Appointment of a multi-trade contractor as a key partner to undertake responsive repair works in the South of Scotland.
- ✓ Comprehensive review of the 5 year Business Plan.
- ✓ The adoption of an integrated contract module which will provide accurate planned maintenance spend and a key tool in delivering the stock investment to meet Scottish Housing Quality Standard requirements.
- ✓ Implementation of component accounting through our statutory accounts.

The financial climate throughout the financial year to 31 March 2012 has once again proven extremely challenging. The Association continued to adopt a prudent approach to managing its finances. The Committee of Management is satisfied with the Association's financial performance during the year, and note the significant impact of component accounting in the year (note 3).

The Association generated a surplus of £265,114 (2011 £1,964,607).

Turnover increased by 6% whilst operating costs increased by 9%; however if depreciation is excluded operating costs fell by 4.7%. The operating surplus in the accounts decreased from £1,690,651 in 2011 to £1,410,551 in 2012. The surplus for the year has been taken to revenue reserves.

The depreciation charge for the year was £2.6m under the new component accounting method of calculation which uses differing rates of depreciation for the different component elements of properties. The depreciation charge for the year calculated on the previous basis is estimated to be £1.2m.

The Association is looking positively towards the future. The recently published Business Plan outlined the following key projects commencing during 2012/13:

- ✓ The investment of £21m on a five year investment programme in existing stock.
- ✓ The commencement of "A Better Cairn" programme to aid our programme of continuous improvement.
- ✓ Work towards Quality Scotland accreditation.
- ✓ Development of our website.

# **CAIRN HOUSING ASSOCIATION LIMITED**

## **REPORT of the COMMITTEE OF MANAGEMENT (Contd.)**

**For the year ended 31 March 2012**

### **Review of the business (Contd.)**

- √ Restructuring plan.
- √ Rent Review.
- √ Continue to enhance Tenant Participation through a "Cairn Customer Panel"
- √ Comprehensive risk review.

In spite of the wider financial and economic environment, Cairn Housing Association is confident that with the operational initiatives being pursued, a clear and confident business strategy and an ambition to achieve more for our tenants, we are looking forward to the future. Our focus will continue to be on better outcomes for our tenants and the communities in which they live.

### **Changes in fixed assets**

Details of fixed assets are set out in note 8. Details of housing property components and their estimated useful lives is given in the accounting policy in relation to component accounting in note 1.

### **The Committee of Management and Executive Officers**

The Committee of Management and executive officers of the Association are listed on page 2. Each member of the Committee of Management holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Committee.

### **Statement of committee's responsibilities**

Housing Association legislation requires the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing those financial statements the Committee is required to:

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

The Committee is responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Association's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Association's books of account and transactions. The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement on internal financial control**

The Committee of Management is responsible for the Association's system of internal financial control.

Internal financial controls are those procedures established by management in order to provide reasonable assurance as to the safeguarding of assets and the maintenance of proper accounting records and the reliability of financial information used within the Association or for publication. Such a system of controls can provide only reasonable and not absolute assurance against material misstatement or loss.

The approach adopted by the Committee of Management to provide effective financial control can be summarised as follows:

**CAIRN HOUSING ASSOCIATION LIMITED**

**REPORT of the COMMITTEE OF MANAGEMENT (Contd.)**

**For the year ended 31 March 2012**

**Statement on internal financial control (Contd.)**

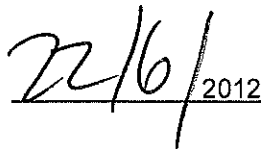
- (a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association. A comprehensive programme of internal audit covering over time all the main activities is ongoing within the Association. Reports are made to the Internal Audit Committee with appropriate action taken where necessary.
- (b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Committee of Management quarterly.
- (c) Major business risks and their financial implications are assessed by reference to established criteria.
- (d) The financial implications of major business risks are controlled by means of delegated authorities which reserve significant matters to the Committee of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records as detailed in the Association's Financial Regulations.
- (e) The Committee of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses. During the year two specific areas of weakness were identified. Reports were received which highlighted specific recommendations and the Committee of Management have received regular updates on the implementation of the recommendations.

While retaining overall responsibility for internal financial control, the Committee of Management has delegated the day to day administration of the Association to the executive officers.

The Committee of Management confirms it is satisfied with the effectiveness of the Association's system of internal financial control as it operated during the year under review.

**BY ORDER OF THE COMMITTEE**

  
Secretary

  
22/6/2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CAIRN HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Cairn Housing Association Limited for the year ended 31 March 2012 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 Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, and to the charity's trustees as a body (the Committee of Management), in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Committee of Management and the auditor**

As more fully explained in the Statement of the Committee of Management's responsibilities on page 4, the Committee 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 Committee's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report of the Committee of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, The Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**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, or the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Committee of Management is inconsistent in any material respect with the financial statements; 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 require for our audit.

**Corporate Governance Matters**

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement concerning internal financial control made under "The Code of Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

**Basis of Opinion**

We carried out our review in accordance with guidance issued by the Auditing Practices Committee. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

**Opinion**

With respect to the Committee of Management's statements on internal financial control, in our opinion the Committee of Management has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

*Chiene + Tait*

**CHIENE + TAIT**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh EH3 6NL**

27/7/2012



**CAIRN HOUSING ASSOCIATION LIMITED**

**INCOME and EXPENDITURE ACCOUNT**

**For the year ended 31 March 2012**

	Notes	£	2012 £	£	2011 £
Turnover	2		15,542,697		14,629,945
Operating costs	2		14,062,146		12,939,294
Operating surplus			<u>1,480,551</u>		<u>1,690,651</u>
Gain on sale of housing properties	6		144,296		1,450,512
Interest receivable		22,260		19,675	
Interest payable and similar charges		<u>(1,381,993)</u>		<u>(1,196,231)</u>	
			<u>(1,359,733)</u>		<u>(1,176,556)</u>
Surplus for the year	14		<u><u>265,114</u></u>		<u><u>1,964,607</u></u>

The Association has no recognised gains or losses other than the surplus for the year.

The retained surplus for the year reported in the income and expenditure account is identical to the historical cost surplus.

The results for the year relate wholly to continuing activities.

The notes on pages 11 to 27 form part of these financial statements

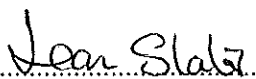

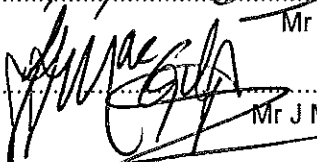
## CAIRN HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

As at 31 March 2012

	Notes	£	2012 £	£	2011 £
<b>Tangible fixed assets and investments</b>					
Housing properties - depreciated gross cost	8(a)		172,949,705		169,852,185
<u>Less: HAG and other grants</u>	8(a)		112,260,366		109,601,521
			60,689,339		60,250,664
Homestake properties	8(a)		-		-
Other fixed assets	8(b)		1,753,489		1,755,805
Investments	8(c)		2		2
			62,442,830		62,006,471
<b>Current assets</b>					
Debtors	9	3,720,702		2,808,163	
Amount held on short term deposit		1,000,000		4,000,000	
Cash at bank and in hand		196,559		559,458	
			4,917,261	7,367,621	
<b>Creditors: amounts falling due within one year</b>	10	6,808,145		7,227,348	
<b>Net current (liabilities)/assets</b>			(1,890,884)		140,273
<b>Total assets less current liabilities</b>			60,551,946		62,146,744
<b>Creditors: amounts falling due after more than one year</b>	11		41,480,723		43,340,631
<b>Net assets</b>			19,071,223		18,806,113
<b>Capital and Reserves</b>					
Share capital	13		139		143
Revenue reserves	14		19,071,084		18,805,970
			19,071,223		18,806,113

Approved by the Committee of Management at a meeting on 22/6/ 2012.

  
 .....  
 Mrs J Slater  
  
 .....  
 Mr K Ward  
  
 .....  
 Mr J MacGilp

Chairman

Committee Member

Secretary

The notes on pages 11 to 27 form part of these financial statements

**CAIRN HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

**For the year ended 31 March 2012**

	Notes	£	2012 £	£	2011 £
<b>Cash inflow from operating activities</b>	20		3,518,572		3,071,518
<b>Returns from investments and servicing of finance:</b>					
Interest received		22,260		19,675	
Interest and similar charges paid		(1,306,413)		(1,201,791)	
<b>Net cash outflow from returns from investments and servicing of finance</b>			(1,284,153)		(1,182,116)
<b>Capital expenditure and financial investment</b>	21		(4,179,836)		1,494,920
<b>Cash (outflow)/inflow before financing</b>			(1,945,417)		3,384,322
<b>Financing</b>	22		(1,417,482)		(257,584)
<b>(Decrease)Increase in cash</b>	23		(3,362,899)		3,126,738

The notes on pages 11 to 27 form part of these financial statements

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS

### For the year ended 31 March 2012

The Association is incorporated under the Industrial and Provident Societies Acts and is registered with the Financial Services Authority. The financial statements have been prepared in compliance with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice "Accounting by Registered Social Landlords" 2010 (SORP 2010).

#### **1. Accounting Policies**

The principal accounting policies of the Association are set out below.

##### **(a) Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and statements of recommended practice. The Association has established a subsidiary company "Cairn Homes and Services Limited" as part of its review of the activities of the Association and the need for a specialist vehicle through which to deliver certain activities; however the company has not yet traded and therefore consolidated financial statements have not been prepared.

##### **(b) Tangible fixed assets - housing properties**

Housing properties are stated at cost, or in the case of properties transferred to the Association under a Transfer of Engagements, at fair value at the date of transfer. The development cost of housing properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure;
- (iii) internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant schemes.

Expenditure on schemes is written off in the year unless it is recognised that the schemes will be developed to completion.

Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

##### **(c) Shared Ownership Transactions**

First tranche proceeds arising from part-owners' purchases of equity in shared ownership schemes are regarded as sales of assets held for sale and are treated as turnover. The percentage of development costs representing the estimated first tranche percentages to be sold are shown as current assets until sold. Remaining costs are treated as fixed assets and sales taking place after the initial purchases are accounted for as disposals of fixed assets.

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

**For the year ended 31 March 2012**

### **1. Accounting Policies (Contd.)**

#### **(d) Housing Association Grants**

Housing Association Grants (HAG) are made by the Scottish Government and certain local authorities and are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the Scottish Government.

HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

Notional acquisition and development allowances are determined by the Scottish Government and are advanced as HAG. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing properties for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are also shown in the Income and Expenditure Account with the associated development, management and administration costs.

#### **(e) Depreciation**

##### Housing properties

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Housing properties held for letting are considered to comprise the following components which are depreciated over estimated economic lives as follows:

<b>Component</b>	<b>Useful Economic Life</b>
Structure	60 years
Kitchens	20 years
Bathrooms	25 years
Central Heating Systems (excl boilers)	30 years
Boilers	25 years
Lifts	25 years
Roofs	60 years
Windows and Doors	25 years
Rewiring	30 years

The association depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Impairment reviews are carried out on an annual basis on assets whose useful economic lives are expected to exceed 50 years, in accordance with Financial Reporting Standard 11.

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

#### 1. Accounting Policies (Contd.)

##### Other fixed assets

Depreciation is provided on other fixed assets at rates calculated to write off cost evenly over expected useful lives as follows:

Heritable office property	The Association does not depreciate its heritable office property as in the opinion of the Committee of Management the value of the property is not less than its net book value.
Office Furniture and equipment	5 to 10 years
Motor vehicles	5 years
Computer equipment	4 to 6 years

#### (f) Homestake

Properties developed under the Scottish Government's shared equity Homestake initiative are funded by grant and ultimate sales proceeds.

The net investment in Homestake properties not yet completed or sold is shown within debtors in current assets and represents total costs incurred at the balance sheet date less grants receivable. Homestake allowances receivable to market the properties are taken to income as developments are completed and until that point are included within deferred income.

#### (g) Pensions

The Association participates in the Scottish Housing Associations' Pension Scheme which is a defined benefits pension scheme. The scheme is a multi-employer scheme and meets the exemption criteria under Financial Reporting Standard 17 "Retirement Benefits" so that the accounting charge for the period represents the employer contributions payable.

#### 2. Particulars of turnover, operating costs and operating surplus/(deficit)

	Turnover £	Operating Costs £	Operating Surplus or Deficit March 2012 £	Operating Surplus or Deficit March 2011 £
Social lettings (note 3)	13,832,318	12,390,362	1,441,956	1,962,119
Other activities (note 4)	1,710,379	1,671,784	38,595	(271,468)
Total	15,542,697	14,062,146	1,480,551	1,690,651
	=====	=====	=====	
2011	14,629,945	12,939,294	1,690,651	
	=====	=====	=====	

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES to the FINANCIAL STATEMENTS (Contd.)**  
**For the year ended 31 March 2012**

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

	General Needs Housing £	Supported accommodation Sheltered Housing £	Other supported £	Shared Ownership £	Other Housing* £	2012 £	2011 £
Rent receivable net of service charges	7,516,039	2,442,025	92,250	121,930	892,851	11,065,095	10,343,032
Service charges	240,080	1,386,618	27,611	6,744	1,028,546	2,689,599	2,693,872
Gross income from rents and service charges	7,756,119	3,828,643	119,861	128,674	1,921,397	13,754,694	13,036,904
Less: Voids	(85,022)	(126,369)	(10,860)	211	(9,980)	(232,020)	(220,133)
<b>Net income from rents and service charges</b>	<b>7,671,097</b>	<b>3,702,274</b>	<b>109,001</b>	<b>128,885</b>	<b>1,911,417</b>	<b>13,522,674</b>	<b>12,816,771</b>
Grants from the Scottish Ministers	93,453	216,191	-	-	-	309,644	208,781
<b>Total turnover from social letting activities</b>	<b>7,764,550</b>	<b>3,918,465</b>	<b>109,001</b>	<b>128,885</b>	<b>1,911,417</b>	<b>13,832,318</b>	<b>13,025,552</b>
Management and maintenance administration costs	2,707,469	1,646,598	11,306	75,442	245,009	4,685,825	4,488,306
Service costs	270,464	1,097,607	55,734	11,264	992,250	2,427,319	2,340,699
Planned and cyclical maintenance including major repair costs	1,025,183	1,179,539	7,965	11,128	158,013	2,381,828	3,194,993
Planned and cyclical maintenance capitalised	(674,154)	(706,874)	(5,730)	(7,992)	(113,088)	(1,507,838)	(1,529,757)
Responsive maintenance costs	1,027,298	420,819	7,627	16,273	126,967	1,598,984	1,551,183
Bad debts (rents and service charges)	121,338	7,077	4,931	535	6,442	140,323	86,911
Depreciation of social housing	1,821,470	622,882	14,531	-	205,038	2,663,921	931,098
<b>Operating costs for social letting activities</b>	<b>6,299,067</b>	<b>4,267,648</b>	<b>96,364</b>	<b>106,650</b>	<b>1,620,631</b>	<b>12,390,362</b>	<b>11,063,433</b>
<b>Operating surplus or deficit for social lettings</b>	<b>1,465,483</b>	<b>(349,183)</b>	<b>12,637</b>	<b>22,235</b>	<b>290,786</b>	<b>1,441,956</b>	<b>1,962,119</b>
<b>Operating surplus or deficit for social lettings - 2011</b>	<b>1,603,510</b>	<b>43,377</b>	<b>(52,481)</b>	<b>14,032</b>	<b>353,681</b>	<b>1,962,119</b>	<b>=====</b>
<b>Number of units in management:</b>							
<b>2012</b>	<b>2,272</b>	<b>974</b>	<b>23</b>	<b>63</b>	<b>163</b>	<b>3,495</b>	<b>=====</b>
<b>2011</b>	<b>2,217</b>	<b>1,014</b>	<b>23</b>	<b>66</b>	<b>160</b>	<b>3,480</b>	<b>=====</b>

\*Other housing refers to care homes, very sheltered accommodation and accommodation leased to and managed by other bodies.  
A number of sheltered housing units have been re-designated as general needs/amenity units during 2011/12 due to changes in the funding regime for these units.

CAIRN HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

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

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or (deficit) 2012 £	Operating surplus or (deficit) 2011 £
Care and repair of property	-	207,691	-	-	207,691	-	210,213	(2,522)	11,336
Development and construction of property activities	206,290	-	-	-	206,290	-	263,254	(56,964)	(377,578)
Support activities	-	-	752,117	-	752,117	-	785,976	(33,859)	(8,084)
Care activities	-	380,396	-	-	380,396	-	380,396	-	-
Other activities (including legacies)	-	-	-	163,885	163,885	-	31,945	131,940	102,858
<b>Total from other activities</b>	<b>206,290</b>	<b>588,087</b>	<b>752,117</b>	<b>163,885</b>	<b>1,710,379</b>	<b>-</b>	<b>1,671,784</b>	<b>38,595</b>	<b>(271,468)</b>
<b>Total from other activities for the previous period of account</b>	<b>132,074</b>	<b>598,378</b>	<b>771,083</b>	<b>102,858</b>	<b>1,604,393</b>	<b>-</b>	<b>1,875,861</b>	<b>(271,468)</b>	

The other activity headings as noted in The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 do not apply.



# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

#### 5. Employees

	2012 £	2011 £
Staff costs during year:		
Wages and salaries	4,256,304	4,039,758
Social security costs	313,162	298,638
Other pension costs	223,568	326,800
Pension Costs – Past service deficit	259,388	-
Agency Costs	182,270	140,201
Redundancy and compensation payments	11,000	-
	<u>5,245,692</u>	<u>4,805,397</u>

	No.	No.
Average weekly number (full time equivalent) of employees of the Association including staff on an agency basis during the year was		
Office staff	87	87
Housing managers and other staff	111	115
	<u>198</u>	<u>202</u>

#### 6. Gain on sale of housing properties

	2012 £	2011 £
Gain on former Outlook properties	-	1,099,607
Gain on right to buy sales	115,899	75,136
Gain on shared ownership tranches	28,397	275,769
	<u>144,296</u>	<u>1,450,512</u>

#### 7. Taxation

The Association is a Scottish Charity and no liability to Corporation Tax arises on housing activities in the year.

**CAIRN HOUSING ASSOCIATION LIMITED**  
**NOTES to the FINANCIAL STATEMENTS (Contd.)**  
**For the year ended 31 March 2012**

**8. Tangible fixed assets**

**(a) Housing properties**  
**Cost or valuation**

At start of year

Additions during year

- new developments

- improvements to existing property (replacement components)

Completed during year

Sale of tranches/houses

At end of year

**Depreciation**

At start of year

Charge for year

At end of year

**Depreciated gross cost**

**Housing Association Grant**

At start of year

Additions during year

On disposals

Completed during year

At end of year

**Net book value**

At 31 March 2012

At 31 March 2011

At 31 March 2012, remaining properties received under a transfer of engagements in a prior year are included in properties held for letting at net book value of £3,625,666 the fair value of those properties at the date of transfer (2011: £3,625,666).

Shared Ownership held for letting £	Housing Properties held for letting £	Housing Properties in course of construction £	Housing Properties Total £	Homestake £
3,559,289	168,929,925	1,933,304	174,422,518	11,782,383
-	62,994	4,319,709	4,382,703	1,586,967
-	1,507,838	-	1,507,838	-
-	4,485,380	(4,485,380)	-	-
(93,625)	(35,474)	-	(129,099)	(685,924)
3,465,664	174,950,663	1,767,633	180,183,960	12,683,426
-	4,570,333	-	4,570,333	-
-	2,663,922	-	2,663,922	-
-	7,234,255	-	7,234,255	-
3,465,664	167,716,408	1,767,633	172,949,705	12,683,426
2,200,172	106,378,243	1,023,106	109,601,521	11,782,383
-	-	2,686,430	2,686,430	901,043
(27,585)	-	-	(27,585)	-
-	2,438,787	(2,438,787)	-	-
2,172,587	108,817,030	1,270,749	112,260,366	12,683,426
1,293,077	58,899,378	496,884	60,689,339	-
1,359,117	57,981,349	910,198	60,250,664	-

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2012**

<b>8. Tangible fixed assets (contd.)</b>	<b>Heritable office £</b>	<b>Furniture and property £</b>	<b>Motor equipment £</b>	<b>Other fixed assets Vehicles total £</b>
<b>(b) Other fixed assets</b>				
<b>Cost</b>				
At start of year	1,655,203	401,997	18,805	2,076,005
Additions during year	-	58,039	-	58,039
At end of year	1,655,203	460,036	18,805	2,134,044
<b>Depreciation</b>				
At start of year	-	301,395	18,805	320,200
Provided during year	-	60,355	-	60,355
At end of year	-	361,750	18,805	380,555
<b>Net book value</b>				
At 31 March 2012	1,655,203	98,286	-	1,753,489
At 31 March 2011	1,655,203	100,602	-	1,755,805

**(c) Investments**

	<b>2012 £</b>	<b>2011 £</b>
Investment in subsidiary undertaking: Cairn Homes and Services Limited	1	1
Investment in land bank fund: The Highland Housing Alliance	1	1
	<u>2</u>	<u>2</u>

**(d) Securities**

Securities have been provided on various housing properties (see note 12).

<b>9. Debtors</b>	<b>2012 £</b>	<b>2011 £</b>
Rent arrears	613,705	482,674
Less: provision for bad debts	464,559	316,323
	<u>149,146</u>	<u>166,351</u>
HAG receivable	273,539	450,406
Homestake work in progress	2,553,587	1,583,661
Sundry debtors and prepayments	744,430	607,745
	<u>3,720,702</u>	<u>2,808,163</u>

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2012**

<b>10. Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Current instalments due on loans (note 12)	1,893,235	1,450,811
Prepaid rents and service charges	595,374	507,855
Sundry creditors, accruals and deferred income	1,570,123	2,144,833
HAG repayable	2,749,413	3,119,849
	<u>6,808,145</u>	<u>7,227,348</u>

<b>11. Creditors: amounts falling due after more than one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Housing loans (note 12)	<u>41,480,723</u>	<u>43,340,631</u>

<b>12. Loans</b>	<b>2012</b>	<b>2011</b>
	£	£
Loans on mortgage secured by charges on the Association's housing land and buildings:		
Loans advanced by:		
Private lenders	<u>43,373,958</u>	<u>44,791,442</u>
Amounts falling due in:		
One year (note 10)	1,893,235	1,450,811
One year or more but less than two years	1,989,825	1,623,237
Two years or more but less than five years	6,405,874	5,330,119
Five years or more	33,085,024	36,387,275
	<u>43,373,958</u>	<u>44,791,442</u>

Costs incurred towards the rearranging of loans and the setting up of new loans are fully written off.

The loans are advanced to finance the development and refurbishment of housing land and buildings and are repayable by quarterly instalments of principal and interest. The loans bear interest at rates between 1.07% and 5.80%.

<b>13. Share capital</b>	<b>2012</b>	<b>2011</b>
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2011	143	144
Cancelled during the year	(6)	(5)
Issued during the year	2	4
	<u>139</u>	<u>143</u>
At 31 March 2012		

Shares carry no rights to dividends or to share in the assets of the Association.

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

<b>14. Revenue reserve</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At 1 April 2011	18,805,970	16,841,363
Surplus for year	265,114	1,964,607
At 31 March 2012	<u>19,071,084</u>	<u>18,805,970</u>

### **15. Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £2.0 million (2011: £3.3 million). This amount is expected to be financed by approximately £350,000 of HAG with the balance being funded from agreed loan facilities.

### **16. Pension scheme**

#### **(i) SHAP scheme**

The Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

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

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

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

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

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

#### 16. Pension scheme (continued)

The Scheme offers five benefit structures to employers, namely:

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

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 Association has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 31 March 2011, and the final salary with a 1/60th accrual rate benefit option for new entrants from 1 April 2011.

The Association paid contributions at the rate of 20% of pensionable salaries during the accounting period. Member contributions were 9.6%.

As at the balance sheet date there were 85 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £2,255,086. The Association continues to offer membership of the Scheme to its employees.

#### Financial assumptions

The key financial assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme as at 30 September 2009 were as follows:

	% pa
- Investment return pre-retirement	7.4
- Investment return post-retirement – Non - pensioners	4.6
- Investment return post-retirement - Pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.9
Pension accrued post 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

#### Mortality Tables

Non Pensioners - SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1%pa minimum improvement

Pensioners - SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1%pa minimum improvement

#### Contribution Rates for Future Service (payable from 1 April 2011)

	%
- Final Salary 1/60ths - Employer	9.6
- Final Salary 1/60ths - Employee	9.6
- Additional rate for deficit contributions*	10.4

(\* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

## CAIRN HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

#### **16. Pension scheme (continued)**

##### **Employer debt regulations**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Association was £12,904,912.

##### **(ii) Pension Trust's Growth Plan**

The Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

#### 16. Pension scheme (continued)

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The Association paid contributions at the rate of 0% during the accounting period, as the scheme was initially set up for AVC purposes. Members paid contributions at the rate of 4% during the accounting period.

As at the balance sheet date there was 1 active member of the Plan employed by the Association. The Association continues to offer membership of the Plan to its employees.

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 Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

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

	% pa
Investment return pre-retirement	7.6
Investment return post-retirement	
Actives/deferreds	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2010. The market value of the Plan's assets at that date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £825 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £45 million, equivalent to a funding level of 95%.



# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

#### **16. Pension scheme (continued)**

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.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).

A copy of the recovery plan 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 Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009.

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. 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 Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 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 Plan liabilities, Plan 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, but at 31 March 2012 the estimated employer debt on withdrawal from the Growth Plan was £45,343.

#### **17. Auditor's remuneration**

	<b>2012</b>	<b>2011</b>
	£	£
The remuneration of the external auditor for the year (including expenses and VAT)		
- for audit services	16,602	16,506
- for other services	990	2,526

# CAIRN HOUSING ASSOCIATION LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2012

#### 18. Payments to members and committee members

No member of the Association received any fee or remuneration during the year (2011: £Nil). Members of the Committee of Management were reimbursed for out of pocket travel expenses amounting to £17,689 (2011: £17,297).

#### 19. Directors' emoluments

Directors are defined as the members of the Committee of Management, the Executive Officers (Chief Executive and his Deputy) and any other officer of the Association whose total emoluments excluding pension contributions exceed £60,000 per annum. No emoluments were paid to any member of the Committee of Management during the year and details of emoluments paid to the Executive Officers and other directors follow.

	2012 £	2011 £
Total emoluments [including pension contributions of £28,602 (2011: £41,905) and benefits in kind]	388,833	325,359

The emoluments of the Chief Executives, excluding pension contributions, were £109,100 (2011: £82,091). During the year Mr B Gegan retired and Mr J MacGilp was appointed, and a period of handover was facilitated.

The number of other directors whose emoluments, excluding pension contributions, were above £60,000 for the year were:

	2012	2011
£60,001 to £70,000	-	1
£70,001 to £80,000	2	2
£80,001 to £90,000	1	-

#### 20. Reconciliation of surplus for the year to cash inflow from operating activities

	2012 £	2011 £
Surplus for the year	265,114	1,964,607
Depreciation charges	2,724,277	1,099,692
(Decrease)/Increase in creditors	(566,771)	331,074
(Increase) in debtors	(119,479)	(99,799)
Movement in service charge equalisation	-	49,905
Interest receivable	(22,260)	(19,675)
Interest payable and similar charges	1,381,993	1,196,231
(Gain) on sale of assets	(144,296)	(1,450,512)
Share capital cancelled	(6)	(5)
Net cash inflow from operating activities	3,518,572	3,071,518

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2012**

<b>21. Capital expenditure and financial investment</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Payments to acquire and improve housing stock	(8,447,435)	(12,947,785)
Purchase of other fixed assets	(58,039)	(68,901)
HAG and other capital grants received in year	3,393,904	9,599,618
Sale of houses (including Homestake)	959,319	4,989,503
HAG repaid	(27,585)	(77,515)
	<hr/>	<hr/>
Net cash inflow/(outflow) from capital expenditure and financial investment	(4,179,836)	1,494,920
	<hr/>	<hr/>
<b>22. Financing</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Housing loans drawn down	-	895,235
Housing loans repaid	(1,417,484)	(1,152,823)
Proceeds from shares	2	4
	<hr/>	<hr/>
Net cash outflow from financing	(1,417,482)	(257,584)
	<hr/>	<hr/>
<b>22. Reconciliation of net cash flow to movement in net debt</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
(Decrease)/Increase in cash in the year	(3,362,899)	3,126,738
Loans drawn down	-	(895,235)
Loans repaid	1,417,484	1,152,823
	<hr/>	<hr/>
	(1,945,415)	3,384,326
Net debt at 1 April 2011	(40,231,984)	(43,616,310)
	<hr/>	<hr/>
Net debt at 31 March 2012	(42,177,399)	(40,231,984)
	<hr/>	<hr/>

**CAIRN HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2012**

	<b>At 1 April 2011 £</b>	<b>Cash Flows £</b>	<b>Non-Cash Changes £</b>	<b>At 31 March 2012 £</b>
<b>23. Analysis of net debt</b>				
Amounts held on short term deposit	4,000,000	(3,000,000)	-	1,000,000
Cash at bank	559,458	(362,899)	-	196,559
Bank overdraft	-	-	-	-
	<u>4,559,458</u>	<u>(3,362,899)</u>	<u>-</u>	<u>1,196,559</u>
Debt due within 1 year	(1,450,811)	1,417,484	(1,859,908)	(1,893,235)
Debt due after 1 year	(43,340,631)	-	1,859,908	(41,480,723)
	<u>(40,231,984)</u>	<u>(1,945,415)</u>	<u>-</u>	<u>(42,177,399)</u>
<b>Total</b>	<u>(40,231,984)</u>	<u>(1,945,415)</u>	<u>-</u>	<u>(42,177,399)</u>

**25 Related parties**

Certain of the members of the Committee of Management are tenants of the Association. The tenancies of these Committee Members are on normal terms and the members cannot use their position to their advantage.