



CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Financial Services Authority No: 2194R(S)

Registered Housing Association No: HAC 80

Charity No SC039234

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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Registration particulars:

Financial Services Authority	Industrial & Provident Societies Act 1965 Registered Number: 2149 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number: HAC 80
Office of Scottish Charity Regulator	Charity and Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC039234

CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

REGISTERED OFFICE

55 Calvay Road
Barlanark
Glasgow
G33 4RQ

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Registered Auditor
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

BANKERS

The Royal Bank of Scotland
1304 Duke Street
Glasgow
G31 5PZ

SOLICITORS

Hart Smith & Co
43 Crow Road
Glasgow
G11 7SH

CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2010

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

Principal activity

The principal activity of the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

Business review

The Committee of Management note that the Association's Balance Sheet as detailed on page 10 shows a satisfactory position. The Committee are pleased to note that there is a substantial balance of cash on hand and large positive net current asset position as shown on the Balance Sheet. Total reserves exceed £2.011m. The Association has, post year end, completed the 81 unit new build developments at the St Judes School site and the Manse Site, the costs of which will be substantially met by grants and loans.

Surplus for the year and transfers

The results for the year are shown in the attached Income and Expenditure Account.

	£
Transfers to designated reserves:	
- Future repairs reserve	-
Transferred from revenue reserve	-
Surplus for the year	<u>238,283</u>

Members of Committee of Management

The members of the Committee of Management of the Association during the year to 31 March 2010 were as follows:

Peter Howden (Chairperson)	Rosemarie Lindsay
Thomas Kay	Liz McLean (resigned (29.05.09))
Anna Ellis (Secretary)	Flo Harris
Yvonne Currie	Betty Mitchell
Janet Martin (Treasurer)	
Pauline Barr	
John Dunlop (resigned July 2008)	

Fixed assets

Changes in fixed assets in the year are set out in note 8 of the financial statements.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2010
(continued)

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure Account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure Account, unless it was agreed it could be capitalised within the terms outlined in the SORP.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Wider Role

The Association is fully committed to fulfilling a wider role in the community by direct involvement in social activities outwith the provision of houses, and by support for the work of Calvay Social Action Group.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated to all staff members.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The points value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

CALVAY HOUSING ASSOCIATION LIMITED
REPORT OF COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2010
(continued)

Future developments

The Association intends to continue with its policy of improving the quality of housing within its action area.

Information for the auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

On behalf of the Committee of Management

Name: *Anna Ellis*

Date: *16/9/10*

CALVAY HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2010

Under the legislation relating to Industrial and Provident Societies we are required 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 profit or loss of the Association of that period. In preparing those financial statements we are required to:

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

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

CALVAY HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2010

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association or for publication
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- the Committee of Management review reports from management, from directors, staff and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- the Committee of Management recognise the requirements regarding Internal Audit covered by the SFHA's Raising Standards document and accordingly have appointed a Committee Member to act as Internal Audit Convenor. An Audit Risk Assessment has been completed, audit programmes have been drawn up, and the processes of completing the Audits and reporting to the Committee are in progress.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

CALVAY HOUSING ASSOCIATION LIMITED
COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2010
(continued)

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management

Name: *Pura Ellis*.....

Date: *16/9/10*.....

CALVAY HOUSING ASSOCIATION LIMITED
AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS
YEAR ENDED 31 MARCH 2010

Corporate Governance

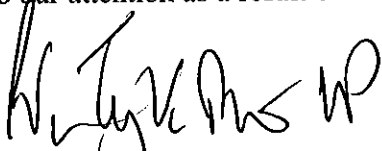
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 5 and 6 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to Bulletin 2006/5 that was issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 and 6 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.


Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date:21.5.10.....

Independent Auditor's report to the members of Calvay Housing Association Limited

We have audited the financial statements on pages 9 to 28 which have been prepared under the accounting policies set out on pages 12 to 16.

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. 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 responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of Committee of Management and auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

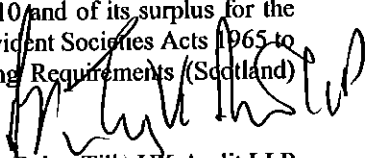
Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.


Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 21.9.10

CALVAY HOUSING ASSOCIATION LIMITED
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	1,546,039	1,465,171
Less: Operating costs	2	<u>1,271,044</u>	<u>1,175,518</u>
Operating surplus	2	274,995	289,653
Profit on sale of fixed assets		-	45,444
Interest receivable and other income		10,476	44,365
Interest payable and other charges	7	<u>(47,188)</u>	<u>(121,501)</u>
Surplus on ordinary activities before tax		238,283	257,961
Taxation on surplus on ordinary activities	5	-	-
Grant receivable against taxation			
Surplus for year		<u><u>238,283</u></u>	<u><u>257,961</u></u>

The results for 2009 and 2010 relate wholly to continuing activities.

All recognised surpluses and deficits have been included in the Income and Expenditure accounts for the years above.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

	Notes	2010		2009	
		£	£	£	£
Tangible Fixed Assets					
Housing properties					
- gross cost less depreciation	8		30,170,943		22,916,888
Less: HAG and other grants	8		<u>(26,402,315)</u>		<u>(21,089,724)</u>
			3,768,628		1,827,164
 Other Assets	8		<u>245,432</u>		<u>260,586</u>
			4,014,060		2,087,750
Current Assets					
Debtors	9	140,455		169,293	
Cash at bank and in hand		<u>1,621,435</u>		<u>1,534,686</u>	
		1,761,890		1,703,979	
Current Liabilities					
Creditors due within one year	10	<u>(275,315)</u>		<u>(279,191)</u>	
			1,486,575		1,424,788
			5,500,635		3,512,538
 Creditors due falling after more than one year	11		<u>(3,490,589)</u>		<u>(1,740,779)</u>
Net Assets			<u>2,010,046</u>		<u>1,771,759</u>
 Capital and Reserves					
Share capital	15		88		84
Designated reserves	6		953,677		953,677
Revenue reserves	6		<u>1,056,281</u>		<u>817,998</u>
			2,010,046		1,771,759

These financial statements were approved by the Committee of Management and authorised for issue on
19.08.10..... and signed on their behalf by:

Secretary:*Anna Ellis*.....
 Member:*Pete Howden*.....
 Member:*Rosmarie Howden*.....

CALVAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

	2010	2009
	£	£
Net cash inflow from operating activities	16	418,052
Costs on investments and servicing of finance		
Interest received	10,476	44,365
Interest paid	(47,187)	(121,501)
	<u> </u>	<u> </u>
		(36,711)
		<u> </u>
		(77,136)
Taxation		
Corporation tax paid	-	(55,275)
Less: Grants received	-	-
	<u> </u>	<u> </u>
		-
		<u> </u>
		(55,275)
Investing activities		
Cash paid for construction and purchases	(7,313,115)	(484,588)
Proceeds from shared ownership sales	-	181,912
Housing association grant received	5,312,590	541,591
Housing association grant repaid	-	(104,710)
Other grants received	-	2,256
Purchase of other fixed assets	-	(22,501)
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from investing activities		(2,000,525)
Net cash (outflow)/inflow before financing		(1,619,184)
		<u> </u>
		<u> </u>
Financing		
Loans received	1,925,832	-
Loan principal repayments	(104,029)	(91,540)
Issue of share capital	4	12
	<u> </u>	<u> </u>
		1,821,807
		<u> </u>
		(91,528)
Increase in cash and cash equivalents		202,623
		<u> </u>
		<u> </u>
		102,542

Further details are given in note 16.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (o) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with The Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords and applicable Accounting Standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 8 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Housing Association Grant.

(d) Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time. HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

(e) Housing Association Grant - Acquisition and Development Allowances Receivable

Acquisition and Development Allowances are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to development costs when they are receivable.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

(f) Fixed assets - Housing Land and Buildings (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive. If excessive the costs are impaired in the period in which the impairment review is done.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on loans financing development is capitalised up to the date of the housing stock coming on to rental stream.

(g) Depreciation

(i) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties at an annual rate of 1.67%. No depreciation is charged on the cost of land.

(ii) Other Fixed Assets

The Association's assets are written off evenly over their expected useful lives as follows:

Office premises	- over 30 years
Commercial premises	- over 20 years
Environmental Projects	- over 10 years
Furniture & equipment	- over 5 years

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

(continued)

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) Designated Reserves

The transfer to the future repairs reserve is calculated using future projections obtained from the Associations Life Cycle Costing Model. This reserve is based on estimated future costs to be incurred by the Association, in respect of existing housing accommodation for all repairs, including improvement or replacement, with a cycle of two or more years.

The Common Fund and General reserve are reserves to meet expenditure, which falls within the Association's objectives but for which statutory finance is not available.

(i) Lease Obligations

Rentals paid under operating leases are charged to the Income and Expenditure account on the accruals basis.

(j) Value Added Tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

(k) Pensions

The Association participates in the centralised Pensions Trust SFHA Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(l) Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

(m) Turnover

Turnover represents rental, service and management charges from properties, agency fees, revenue based grants receivable from the Scottish Ministers and first tranche sales of shared equity and shared ownership properties.

(n) Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the Income and Expenditure Account.

(o) Impairment of Fixed Assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Income and Expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the Income and Expenditure account.

(p) Property development cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the income and expenditure account in accordance with the Statement of Recommended Practice.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

(continued)

(q) Stock and work in progress

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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

	Turnover	Operating Costs	Operating Surplus	2009
	£	£	£	£
Social lettings	1,281,850	(1,013,094)	268,756	332,085
Other activities	264,189	(257,950)	6,239	(42,432)
Total	<u>1,546,039</u>	<u>(1,271,044)</u>	<u>274,995</u>	<u>289,653</u>
2009	<u>1,465,171</u>	<u>(1,175,518)</u>	<u>289,653</u>	

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Shared Ownership £	Total £	2009 £
Income from social lettings				
Rent receivable net of	1,232,413	43,668	1,276,081	1,215,065
Service charges	-	-	-	
Service charges	<u>17,522</u>	<u>-</u>	<u>17,522</u>	<u>12,196</u>
Gross income from rents and service charges	1,249,935	43,668	1,293,603	1,227,261
Less: Rent Losses from Voids	<u>(11,753)</u>	<u>-</u>	<u>(11,753)</u>	<u>(7,282)</u>
	-	-	-	1,219,979
Grants from the Scottish Ministers	-	-	-	15,084
Total turnover from social letting	<u>1,238,182</u>	<u>43,668</u>	<u>1,281,850</u>	<u>1,235,063</u>
Expenditure on social lettings				
Service costs	104,828	-	104,828	79,892
Management and maintenance	527,231	-	527,231	502,048
Planned and cyclical maintenance including major repairs	157,981	-	157,981	168,432
Reactive maintenance costs	150,999	-	150,999	121,080
Bad debts-rents and service charges	12,995	-	12,995	917
Depreciation of social housing	<u>59,060</u>	<u>-</u>	<u>59,060</u>	<u>30,609</u>
Operating costs for social letting	<u>1,013,094</u>	<u>-</u>	<u>1,013,094</u>	<u>902,978</u>
Operating Surplus for social letting activities	<u>225,088</u>	<u>43,668</u>	<u>268,756</u>	<u>332,085</u>
Operating Surplus for social letting activities for 2009	<u>308,792</u>	<u>23,293</u>	<u>332,085</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2009 - £nil).

The total amount of major repairs expenditure incurred in the year was £36,100 (2009 - £14,549). No major repairs were capitalised.

The Association has no Supported accommodation.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role	23,901	38,471	-	-	62,372	-	(77,061)	(14,689)	(51,064)
Care and repair of property	-	-	-	19,960	19,960	-	(8,004)	11,956	-
Factoring	-	-	-	-	-	-	-	-	8,632
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	169,684	169,684	-	(169,684)	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	12,173	12,173	-	(3,201)	8,972	-
Total from other activities	23,901	38,471	-	201,817	264,189	-	(257,950)	6,239	(42,432)
2009	21,152	36,992	-	171,964	230,108	-	(272,540)	(42,432)	

Other Revenue Grants include £38,471 designated funding received in the year from Big Lottery (2009: £36,992)

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

5. Taxation

The Association was formally recognised as a recognised Scottish charity on 5th February 2008 and as such is exempt from tax on its charitable activities from this date onwards.

6. Reserves

(a) Designated Reserves

	At 31 March 2009 £	Transfer from revenue reserve £	Expenditure in the year £	At 31 March 2010 £
Future repairs reserve	<u>953,677</u>	<u>-</u>	<u>-</u>	<u>953,677</u>

No restrictions are placed upon these reserves, but the Committee has designated their use for specific purposes.

(b) Revenue Reserve

	2010 £	2009 £
Opening balance at 1 April 2009	817,998	560,037
Surplus for year	238,284	257,961
Transfer to designated reserves	-	-
Closing balance at 31 March 2010	<u>1,056,282</u>	<u>817,998</u>

7. Interest Payable

Interest payable in the year has been charged as follows:

	2010 £	2009 £
Loans	47,188	121,501
Less Capitalised	-	-
	<u>47,188</u>	<u>121,501</u>

CALVAY HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
YEAR ENDED 31 MARCH 2010**

8. Tangible Fixed Assets

	Housing properties held for letting £	Housing properties in course of construction £	Completed Shared ownership properties £	Environmental works £	Commercial property £	Other £	Total £
Cost							
At 1 April 2009	15,585,380	5,319,464	867,918	1,515,869	1,253,430	308,176	24,850,237
Additions during year	-	7,313,115	-	-	-	-	7,313,115
Transfers	3,789,376	(3,789,376)	-	-	-	-	-
At 31 March 2010	19,374,756	8,843,203	867,918	1,515,869	1,253,430	308,176	32,163,352
Housing Association Grant							
At 1 April 2009	14,056,038	4,765,125	805,222	1,463,339	1,067,314	-	22,157,038
Additions during year	-	5,312,590	-	-	-	-	5,312,590
Transfers	3,000,064	(3,000,064)	-	-	-	-	-
At 31 March 2010	17,056,102	7,077,651	805,222	1,463,339	1,067,314	-	27,469,628
Depreciation							
At 1 April 2009	326,689	-	24,042	21,012	31,034	202,672	605,449
Provided during year	51,742	-	2,066	5,253	6,204	8,950	74,215
At 31 March 2010	378,431	-	26,108	26,265	37,238	211,622	679,664
Net book value							
At 31 March 2010	1,940,223	1,765,552	36,588	26,265	148,878	96,554	4,014,060
As at 31 March 2009	1,202,653	554,339	38,654	31,518	155,082	105,504	2,087,750

None of the Association's land or buildings was held under a lease. Development costs capitalised was £xx (2009 £nil)

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

	2010 £	2009 £
9. Debtors		
Amounts falling due within one year:		
Gross rents in arrears	70,934	96,571
Technical rent arrears	103,564	100,130
Less bad debt provision	<u>(44,165)</u>	<u>(54,661)</u>
	130,333	142,040
Trade debtors	10,122	15,359
Other debtors	<u>-</u>	<u>11,894</u>
	<u>140,455</u>	<u>169,293</u>
10. Creditors due within one year		
Loans	163,527	91,534
Trade creditors	53,987	30,341
Other creditors	5,303	-
Accruals and deferred income	32,021	31,572
Other Tax & Social Security	11,246	-
Rents in advance	9,231	9,870
Bank overdraft	<u>-</u>	<u>115,874</u>
	<u>275,315</u>	<u>279,191</u>
11. Creditors: Amounts falling due after more than one year		
Loans	<u>3,490,589</u>	<u>1,740,779</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from 1.43% to 13.2% (2009 – 1.43% to 13.2%) in instalments due as follows:

In one year or less	163,527	91,534
Between two and five years	490,581	290,670
In five years or more	3,000,008	1,450,109
	<u>3,654,116</u>	<u>1,832,313</u>

CALVAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

	2010	2009
	£	£
12. Employees		
Wages and salaries	439,910	423,829
Social security costs	36,483	36,724
Other pension costs	43,254	39,589
	<u>519,647</u>	<u>500,142</u>

The average full time equivalent of persons employed by the Association during the year were as follows:

	No	No
Administration and maintenance	<u>16</u>	<u>16</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments exceed £60,000 per year.

During the current year, there were no directors with emoluments, excluding pension contributions, over £60,000.

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>61,343</u>	<u>59,962</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>53,196</u>	<u>51,955</u>

The Director is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to memberships and he has no other pension arrangements to which the Association contribute. The Association's contributions for the Director in the year amounted to £8,147 (2009 - £8,007).

Total expenses reimbursed insofar as not chargeable to UK Income Tax	<u>590</u>	<u>275</u>
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No member of the Committee of Management received any emoluments in respect of their services to the Association.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

13. Pension Fund - General

Calvay Limited participates in the SFHA 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 2006 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in the Autumn 2010.

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.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

13. Pension Fund – General (continued)

Calvay Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Calvay Housing Association Limited was £1,492,801.

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three 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.

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 given time. An open benefit structure is one which new entrants are able to join.

Calvay Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Calvay Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were ten active members of the Scheme employed by Calvay Housing Association Limited. Calvay Housing Association Limited continues to offer membership of the Scheme to its employees.

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

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
- pension accrued pre 6 April 2005	2.6
-pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6

CALVAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

13. Pension Fund – General (continued)

Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

Contribution Rates for Future Service	%
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

	2010	2009
	£	£
14. Auditors' Remuneration		
The remuneration of the auditors (including expenses and VAT for the year)	7,864	7,130
Remuneration of the auditors in respect of services other than those of auditors	-	-
	<u>7,864</u>	<u>7,130</u>
15. Share Capital		
Shares of £1 fully paid and issued at 1 April 2009	84	316
Shares issued during year	4	12
Shares cancelled during year	-	(244)
Shares of £1 fully paid and issued at 1 April 2010	<u>88</u>	<u>84</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

16. Notes to the Cash Flow Statement	2010	2009
	£	£
Reconciliation of surplus to net cash inflow from operating activities		
Surplus for year	238,283	257,961
Net interest payable	36,712	77,136
Operating surplus for the year excluding interest and tax payable	<u>274,995</u>	<u>335,097</u>
Depreciation	15,154	14,781
Depreciation – housing properties	59,061	30,609
Gain on sale of fixed assets	-	(45,444)
Decrease/(Increase) in debtors	28,838	(21,116)
Increase/(Decrease) in creditors	40,004	(156,105)
Cancellation of share capital	-	(244)
	<u>418,052</u>	<u>157,578</u>
Reconciliation of net cash flow to movement in net debt		
Increase in cash for the year	202,623	102,542
Loans received	(1,925,832)	-
Loan repayments	104,029	91,540
Change in net debt	<u>(1,619,180)</u>	<u>194,082</u>
Net debt as at 1 April 2009	(413,501)	(607,583)
Net debt as at 31 March 2010	<u>(2,032,681)</u>	<u>(413,501)</u>

	As at 31	Cash Flow	Other	As at 31
	March 2009	£	Changes	March 2010
	£	£	£	£
Cash at bank and in hand	1,534,686	86,749	-	1,621,435
Bank overdraft	(115,874)	115,874	-	-
Debt due within one year	(91,534)	104,029	(176,022)	(163,527)
Debt due after one year	<u>(1,740,779)</u>	<u>(1,925,832)</u>	<u>176,022</u>	<u>(3,490,589)</u>
	<u>(413,501)</u>	<u>(1,619,180)</u>	<u>-</u>	<u>(2,032,681)</u>

CALVAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2010

17. Capital Commitments	2010	2009
	£	£
Expenditure authorised by the Committee of Management contracted less certified.	<u>3,651,069</u>	<u>7,634,637</u>

The above capital commitments are funded through maximum grant of £1,693,777 with remainder drawn from private finance and secured on properties owned by the Association.

18. Housing Stock	2010	2009
	No	No
The number of units in Management at 31 March 2010 was as follows		
General needs	485	438
Supported	-	-
Shared Ownership	<u>26</u>	<u>27</u>
	<u>511</u>	<u>465</u>

19. Related Parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.