

CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

Financial Services Authority No: 2194R(S)

Registered Conduct 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 2013

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Registration particulars:

Financial Conduct Authority	Industrial & Provident Societies Act 1965 Registered Number: 2149 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HAC 80
Office of Scottish Charity Regulator	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC039234

CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

T C Young
7 West George Street
Glasgow
G2 1BA

CALVAY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2013

(continued)

The Committee of Management present their report and audited financial statements for the year ended 31 March 2013.

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 £3.8m.

The Association had successfully acquired 384 houses from the Glasgow Housing Association (GHA) at an agreed valuation of £2.49m during 2011/12. The subsequent programme of buy backs and demolition has consolidated this additional housing stock at 310 houses. Further investment in the stock will take place over the coming years.

To finance the above acquisition the Association negotiated a new business loan from the Clydesdale Bank Ltd in the sum of £7.19m. This loan was used to acquire the GHA houses, plus the owners buy backs, the eventual demolition of the 74 substandard homes in June 2012 and to repay the existing loan.

During the coming financial year the Association intends to carry out energy efficiency improvements to some of the ex GHA stock in the form of external insulation and new roofs. The intention is to also upgrade a substantial number of low performing gas boilers to more energy efficient ones, with the assistance of some environmental grant.

Surplus for the year and transfers

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

	£
Transfers to/(from) designated reserves:	
- Future repairs reserve	(953,677)
- Pensions	747,239
Transferred to revenue reserve	756,168
Surplus for the year	<u>549,730</u>

CALVAY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2013

(continued)

Members of Committee of Management

The members of the Committee of Management of the Association during the year to 31 March 2013 were as follows:

Peter Howden (Chairperson)	Rosemarie Lindsay (Vice Chairperson)
Betty Waddell (appointed 14.03.13)	Margaret Allan (elected 20.09.12)
Anna Ellis (resigned 20.09.12)	Betty Mitchell
Yvonne Currie	Gary Campbell (appointed 14.03.13)
Janet Martin (Treasurer)	Annemarie Boyle (resigned 22.01.13)
Pauline Barr (Secretary)	Alison A'Hara
Annie Robertson	John Robertson (resigned 31.05.12)
Sandra McIlroy (appointed 20.09.12)	

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.

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. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the balance sheet as they occur. All other major repairs are charged to the Income and Expenditure account.

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.

CALVAY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2013

(continued)

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.

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: P. Barr

Date: 15-8-13


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CALVAY HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2013

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 surplus or deficit 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and:

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 2013

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 the director, staff and from the external and internal 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.
- 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 2013
(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 2013 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

Date: 15-8-13.....

Name: P Barr



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

We have audited the financial statements of Calvay Housing Association Limited for the year ended 31 March 2013 on pages 8 to 25. 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. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 4, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - April 2012.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP

Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
GLASGOW

G2 3EH
Date: ...*20th August 2013*...

CALVAY HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Turnover	2	2,769,730	2,799,192
Less: Operating costs	2	2,000,467	1,978,082
Operating surplus	2	<u>769,263</u>	<u>821,110</u>
Profit on sale of fixed assets		25,003	-
Interest receivable and other income		14,099	9,768
Interest payable and other charges	7	(258,635)	(244,437)
Surplus on ordinary activities before tax		<u>549,730</u>	<u>586,441</u>
Taxation on surplus on ordinary activities	5	-	-
Surplus for year		<u><u>549,730</u></u>	<u><u>586,441</u></u>

The results for 2012 and 2013 relate wholly to continuing activities.

There are no other gains or losses in 2012 or 2013 other than the surplus above.

CALVAY HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	2013		2012	
		£	£	£	£
Tangible Fixed Assets					
Housing properties					
- gross cost less depreciation	8		35,021,744		34,867,993
Less: HAG and other grants	8		<u>(25,926,240)</u>		<u>(26,057,340)</u>
			9,095,504		8,810,653
 Other Assets	 8		 <u>179,875</u>		 <u>192,242</u>
			9,275,379		9,002,895
Current Assets					
Debtors	9	385,836		271,345	
Cash at bank and in hand		<u>2,601,827</u>		<u>2,577,899</u>	
		2,987,663		2,849,244	
Current Liabilities					
Creditors due within one year	10	<u>(568,038)</u>		<u>(508,398)</u>	
			<u>2,419,625</u>		<u>2,340,846</u>
					11,343,741
 Creditors due falling after more than one year	 11		 <u>7,877,110</u>		 <u>(8,075,574)</u>
Net Assets			<u><u>3,817,894</u></u>		<u><u>3,268,167</u></u>
 Capital and Reserves					
Share capital	15		68		71
Designated reserves	6		747,239		953,677
Revenue reserves	6		<u>3,070,587</u>		<u>2,314,419</u>
			<u>3,817,894</u>		<u>3,268,167</u>

These financial statements were approved by the Committee of Management and authorised for issue on 8-8-13 and signed on their behalf by:

Secretary: P. Barr.

Member: B. Addell.

Member: G. Robertson

CALVAY HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR YEAR ENDED 31 MARCH 2013

		2013	2012
	16	£	£
Net cash inflow from operating activities		1,000,232	1,199,066
Costs on investments and servicing of finance			
Interest received		14,099	9,768
Interest paid		(258,635)	(244,437)
		(244,536)	(234,669)
Investing activities			
Cash paid for construction and purchases		(679,627)	(3,255,019)
Proceeds from disposal of fixed asset		36,463	-
Housing association grant received		117,950	175,938
Housing association grant repaid		(16,997)	-
Net cash (outflow) from investing activities		(542,211)	(3,079,081)
Net cash inflow/ (outflow) before financing		213,485	(2,114,684)
Financing			
Loans received		-	7,190,000
Loan principal repayments		(189,554)	(4,110,413)
Cancellation of share capital		(3)	(5)
		(189,557)	3,079,582
Increase in cash and cash equivalents		23,928	964,898

Further details are given in note 16.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (n) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with The Financial Conduct Authority. The financial statements have been prepared under the historical cost convention, and in compliance with the Determination of Accounting Requirements – April 2012, the Statement of Recommended Practice (SORP), “Accounting by Registered Social Housing Providers, Update 2010” and applicable Accounting Standards.

(b) Going Concern

The Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Financial Statements.

(c) 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.

(d) 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.

(e) 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.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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

Housing Properties are stated at cost, less housing association grant less accumulated depreciation.

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

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored;
or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

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

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**

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 50 years
Bathrooms	Over 30 years
Windows	Over 25 years
Kitchens	Over 15 years
Central Heating	Over 15 years

Shared ownership properties are depreciated over 50 years.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

(ii) Other Fixed Assets

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

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

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

(h) Designated Reserves

Designated reserves are set aside by the Committee for specific purposes. The Future Repairs Reserve was based on the liability to maintain housing properties in a state of repair which at least maintained their residential values. As these components are now capitalised, the reserve is no longer required.

A designated reserve has been set aside to cover the net present value of the Association's liability under the SHAPS pension scheme in relation to contributions towards the past service deficit.

(i) 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.

(j) Pensions

The Association participates in the centralised Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) which is a defined benefit Scheme. 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 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.

(k) 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 2012

(continued)

(k) Sale of Housing Properties *(continued)*

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.

(l) 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.

(m) 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.

(n) 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.

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

	Notes	Turnover £	Operating Costs £	Operating Surplus £	2012 £
Social lettings	3	2,704,051	1,884,362	819,689	867,831
Other activities	4	65,679	116,105	(50,426)	(46,721)
Total		<u>2,769,730</u>	<u>2,000,467</u>	<u>769,263</u>	<u>821,110</u>
2012		<u>2,799,192</u>	<u>(1,978,082)</u>	<u>821,110</u>	

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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

	General Needs Housing £	Shared Ownership £	Supported Accommod- ation	Total £	2012 £
Income from social lettings					
Rent receivable net of Service charges	2,564,756	44,285	119,086	2,728,127	2,620,426
Service charges	8,136	-	-	8,136	13,444
Gross income from rents and service charges	2,572,892	44,285	119,086	2,736,263	2,633,870
Less: Rent Losses from Voids	(30,504)	-	(1,708)	(32,212)	(32,852)
	2,542,388	44,285	117,378	2,704,051	2,601,018
Grants from the Scottish Ministers	-	-	-	-	-
Total turnover from social letting	2,542,388	44,285	117,378	2,704,051	2,601,018
Expenditure on social lettings					
Service costs	131,272	-	21,153	152,425	126,679
Management and maintenance	736,667	-	34,719	771,386	767,086
Planned and cyclical maintenance including major repairs	361,518	-	721	362,239	262,904
Reactive maintenance costs	274,538	-	15,669	290,207	254,026
Bad debts—rents and service charges	25,421	-	322	25,743	72,769
Depreciation of social housing	269,515	763	12,084	282,362	249,723
Operating costs for social letting	1,798,931	763	84,668	1,884,362	1,733,187
Operating Surplus for social letting activities	743,457	43,522	32,710	819,689	867,831
Operating Surplus for social letting activities for 2012	825,506	42,325	-	867,831	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2012 - £nil).

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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	-	-	-	19,432	19,432	-	50,247	(30,815)	(3,712)
Care and repair of property	-	-	-	19,460	19,460	-	25,855	(6,395)	(2,354)
Factoring	-	-	-	26,787	26,787	1,760	11,702	13,325	8,249
Development and construction of property activities	-	-	-	-	-	-	26,541	(26,541)	(48,904)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	-	-	65,679	65,679	1,760	114,345	(50,426)	(46,721)
2012	10,739	105,433	-	82,002	198,174	-	(244,895)	(46,721)	

Other Revenue Grants include £nil designated funding received in the year from Big Lottery (2012: £44,287)

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

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 2012	Transfer from/ (to) revenue reserve	Expenditure in the year	At 31 March 2013
	£	£	£	£
Future repairs reserve	953,677	(953,677)		-
Pension	-	747,239	-	747,239
	-	747,239	-	747,239

Future repairs expenditure, being the Association's commitment to undertake major repairs to its properties, was set-aside in a designated reserve to the extent that it is not met from HAG. However due to the introduction of component accounting last year, this reserve is no longer considered necessary and has therefore been transferred to the Revenue Reserve.

(b) Revenue Reserve

	2013	2012
	£	£
At 1 April	2,314,419	1,727,978
Surplus for year	549,730	586,441
Transfer to Designated Reserves	(747,239)	-
Transfer from Designated Reserves	953,677	-
Closing balance at 31 March	3,070,587	2,314,419

The Association has designated the net present value of the agreed liability to pay contributions towards the past service deficit in the SHAPS pension scheme over the next 14 years. The net present value has been calculated using an inflation rate of 3% and a discount factor of 4%. Under FRS 102, this liability will be recognised in the financial statements from 31st March 2016 year end.

7. Interest Payable

	2013	2012
	£	£
Interest payable in the year has been charged as follows:		
Loans	258,635	244,437

CALVAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont'd)
YEAR ENDED 31 MARCH 2013

8. Tangible Fixed Assets

	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Environmental Works £	Housing Properties Total £	Commercial Property £	Other £	Total £
Cost							
At 1 April 2012	33,677,344	817,001	1,515,869	36,010,214	1,253,430	308,176	37,571,820
Additions during year	679,627	-	-	679,627	-	-	679,627
Disposals	(247,019)	(24,029)	-	(271,048)	-	-	(271,048)
At 31 March 2013	34,109,952	792,972	1,515,869	36,418,793	1,253,430	308,176	37,980,399
Housing Association Grant							
At 1 April 2012	23,815,161	778,841	1,463,339	26,057,341	1,067,314	-	27,124,655
Additions during year	117,950	-	-	117,950	-	-	117,950
Disposals	(232,054)	(16,997)	-	(249,051)	-	-	(249,051)
At 31 March 2013	23,701,057	761,844	1,463,339	25,926,240	1,067,314	-	26,993,554
Depreciation							
At 1 April 2012	1,081,129	24,321	36,771	1,142,221	52,686	249,363	1,444,270
Provided during year	276,346	763	5,253	282,362	6,204	6,164	294,730
Disposals	(14,965)	(12,569)	-	(27,534)	-	-	(27,534)
At 31 March 2013	1,342,510	12,515	42,024	1,397,049	58,890	255,527	1,711,466
Net book value							
At 31 March 2013	9,066,385	18,613	10,506	9,095,504	127,226	52,649	9,275,379
As at 31 March 2012	8,781,054	13,839	15,759	8,810,652	133,430	58,813	9,002,895

None of the Association's land or buildings was held under a lease. Development costs capitalised was £nil (2012 £nil). Total major repair costs were £934,104 (2012 £309,862) of which £679,627 (2012 £154,813) was capitalised, of the amount capitalised £535,088 (2012 £154,813) related to replacement of components and £144,539 (2012 £nil) related to improvements.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2013

	2013 £	2012 £
9. Debtors		
Amounts falling due within one year:		
Gross rents in arrears	175,075	158,273
Technical rent arrears	192,474	188,175
Less bad debt provision	<u>(108,987)</u>	<u>(104,664)</u>
	258,562	241,784
Trade debtors	15,451	12,021
Other debtors	<u>111,823</u>	<u>17,540</u>
	<u>385,836</u>	<u>271,345</u>

	2013 £	2012 £
10. Creditors due within one year		
Loans (note 11)	189,554	180,644
Trade creditors	150,891	133,541
Other creditors	154,546	132,724
Accruals and deferred income	27,198	17,599
Other tax and social security	10,443	12,119
Rents in advance	35,406	31,771
HAG Repayable	-	-
	<u>568,038</u>	<u>508,398</u>

	2013 £	2012 £
11. Creditors: Amounts falling due after more than one year		
Loans	<u>7,877,110</u>	<u>8,075,574</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from 0.93% to 4.59% (2012 – 0.93% to 4.59%) in instalments due as follows:

In one year or less	189,554	180,644
Between one and two years	205,816	183,336
Between two and five years	633,982	550,008
In five years or more	7,037,312	7,161,586
	<u>8,066,664</u>	<u>8,256,218</u>

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2013

	2013	2012
	£	£
12. Employees		
Wages and salaries	462,476	445,603
Social security costs	42,679	39,971
Other pension costs	56,094	51,947
	<u>561,249</u>	<u>537,521</u>

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

	No	No
Administration and maintenance	<u>17</u>	<u>17</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>64,115</u>	<u>61,209</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>58,513</u>	<u>55,881</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 £5,602 (2012 - £5,328).

Total expenses reimbursed insofar as not chargeable to UK Income Tax nil nil

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 2013

13. Pension Fund

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

The September 2012 valuation has been undertaken and formally issued and this reveals a shortfall of 304 million of assets compared to liabilities. This is equivalent to a post service funding level of 56.4%.

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 has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHAPS Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for Calvay Housing Association Limited was £1,811,512.

The Association has been notified by the Pensions Trust that the amount to be paid in additional contributions towards the past service deficit in 2013/14 is £67,322. The Association has also been notified that they will be required to pay additional contributions in relation to the past service deficit until September 2027. The amount payable is anticipated to increase by 4.5% per annum based on the current past service deficit. This therefore equals a Net Present Value of £747,239.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2013

13. Pension fund (continued)

The Scheme is a multi-employer defined benefit scheme and is funded and contracted-out of the State Pension Scheme.

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.

Calvay Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit option 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 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 8 active members of the Scheme employed by Calvay Housing Association. The annual pensionable payroll in respect of these members was £216,205.

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 Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
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 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2013

13. Pension fund (continued)

Contribution Rates for Future Service (payable from 1 April 2014)	% p.a.
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
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 calculation the additional contributions).

	2013	2012
	£	£
14. Auditors' Remuneration		
The remuneration of the auditors (including expenses)	8,112	8,840
Remuneration of entities other than Baker Tilly UK Audit LLP	<u>780</u>	<u>520</u>

	2013	2012
	£	£
15. Share Capital		
Shares of £1 fully paid and issued at 1 April	71	76
Shares issued during year	4	1
Shares cancelled during year	<u>(7)</u>	<u>(6)</u>
Shares of £1 fully paid and issued at 31 March	<u>68</u>	<u>71</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 2013

16. Notes to the Cash Flow Statement	2013	2012
	£	£
Reconciliation of surplus to net cash inflow from operating activities		
Surplus for year	549,730	586,441
Net interest payable	244,536	234,669
Operating surplus for the year excluding interest and tax payable	<u>794,266</u>	<u>821,110</u>
Depreciation – other assets	12,368	15,273
Depreciation – housing properties	282,362	249,723
Gain on sale of fixed assets	(25,003)	-
(Increase) in debtors	(114,491)	(48,140)
Increase in creditors	50,730	161,100
	<u>1,000,232</u>	<u>1,199,066</u>

Reconciliation of net cash flow to movement in net debt

Increase in cash for the year	23,928	964,898
Loans received	-	(7,190,000)
Loan repayments	189,554	4,110,413
Change in net debt	<u>213,482</u>	<u>(2,114,689)</u>
Net debt as at 1 April	<u>(5,678,319)</u>	<u>(3,563,630)</u>
Net debt as at 31 March	<u>(5,464,837)</u>	<u>(5,678,319)</u>

Analysis of changes in net debt

	As at 31 March 2012	Cash Flow	Other Changes	As at 31 March 2013
	£	£	£	£
Cash at bank and in hand	2,577,899	23,928	-	2,601,827
Debt due within one year	(180,644)	(8,910)	-	(189,554)
Debt due after one year	<u>(8,075,574)</u>	<u>198,464</u>	-	<u>(7,877,110)</u>
	<u>(5,678,319)</u>	<u>213,482</u>	-	<u>(5,464,837)</u>

17. Capital Commitments	2013	2012
	£	£
Expenditure authorised by the Committee of Management contracted less certified.	<u>-</u>	<u>-</u>

18. Contingent Liabilities

Housing Association Grant allocated to components (as detailed in Note 1 (d)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2013 was £787,768 (2012: £538,717).

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2013

19. Housing Stock	2013	2012
	No	No
The number of units in Management at 31 March 2013 was as follows		
General needs (excluding 2 wardens offices)	797	800
Supported	30	30
Shared Ownership	23	24
Other	1	-
	<u>851</u>	<u>854</u>

20. Related Parties

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

21. Reconciliation of Funds

	2013	2012
	£	£
At 1 April	3,268,167	2,681,731
Surplus for year	549,730	586,441
New shares issued	4	1
Shares cancelled	(7)	(6)
At 31 March	<u>3,817,894</u>	<u>3,268,167</u>