

**CALVAY HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**Financial Conduct 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 2014

<b>Contents</b>	<b>Page</b>
Report of Committee of Management	1 - 3
Statement of Management Committee Responsibilities	4
Committee of Management Statement on Internal Financial Controls	5 - 6
Auditor's Report	7
Income and Expenditure Account	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11 - 25

### **Registration particulars:**

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 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 2014**

### **REGISTERED OFFICE**

55 Calvay Road  
Barlanark  
Glasgow  
G33 4RQ

### **AUDITORS**

Baker Tilly UK Audit LLP  
Chartered Accountants  
Statutory 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 2014

(continued)

The Committee of Management present their report and audited financial statements for the year ended 31 March 2014.

### 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 9 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 £4.6m.

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, and pay for the subsequent demolition of the 74 substandard homes in June 2012.

During the coming financial year the Association intends to replace external windows and doors to properties in the Calvay Crescent area, at a cost of c.£420k. The Association will also be employing an Energy Efficiency Advisor who will consult with tenants on the best way to efficiently heat their homes.

### 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:	
- Pensions	(59,833)
Transferred to revenue reserve	887,327
Surplus for the year	<u>827,494</u>



**CALVAY HOUSING ASSOCIATION LIMITED**  
**REPORT OF COMMITTEE OF MANAGEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2014**  
**(continued)**

**Members of Committee of Management**

The members of the Committee of Management of the Association during the year to 31 March 2014 were as follows:

Pauline Barr (Secretary to 19 September 2013 and Chairperson from 19 September 2013)  
Betty Waddell  
Yvonne Currie (resigned on 13 April 2013)  
Janet Martin (Treasurer to 19 September 2013)  
Peter Howden (Chairperson to 19 September 2013 and Secretary from 19 September 2013)  
Annie Robertson  
Sandra McIlroy  
Rosemarie Lindsay  
Margaret Allan (resigned on 16 May 2013)  
Betty Mitchell (resigned on 13 March 2013)  
Gary Campbell (resigned on 1 November 2013)  
Alison A'Hara (Treasurer from 19 September 2013)  
Rebecca Howden (appointed on 19 September 2013)  
Wilma Running (appointed on 19 September 2013)

**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 2014

(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 Howden.....

Date: 09/09/2014

# **CALVAY HOUSING ASSOCIATION LIMITED**

## **STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES**

### **FOR THE YEAR ENDED 31 MARCH 2014**

Under the legislation relating Co-operative and Community Benefit 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 2014

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 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 2014**

*(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 2014 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: P Howden.....

Date: 09/09/2014

**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 2014 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 Part 7 of the Co-operative and Community Benefit Societies Act 2014. 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Co-operative and Community Benefit Societies Act 2014 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: 12/9/14.

# CALVAY HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT

AS AT 31 MARCH 2014

	Notes	2014 £	2013 £
<b>Turnover</b>	2	2,906,434	2,769,730
Less: Operating costs	2	<u>1,877,272</u>	<u>2,000,467</u>
<b>Operating surplus</b>	2	1,029,162	769,263
Profit on sale of fixed assets		8,493	25,003
Interest receivable and other income		21,565	14,099
Interest payable and other charges	7	<u>(231,726)</u>	<u>(258,635)</u>
<b>Surplus on ordinary activities before tax</b>		827,494	549,730
Taxation on surplus on ordinary activities	5	<u>-</u>	<u>-</u>
<b>Surplus for year</b>		<u><u>827,494</u></u>	<u><u>549,730</u></u>

The results for 2013 and 2014 relate wholly to continuing activities.

There are no other gains or losses in 2013 or 2014 other than the surplus above.

# CALVAY HOUSING ASSOCIATION LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2014

	Notes	2014		2013	
		£	£	£	£
<b>Tangible Fixed Assets</b>					
Housing properties					
- gross cost less depreciation	8		34,794,702		35,021,744
Less: HAG and other grants	8		<u>(25,873,498)</u>		<u>(25,926,240)</u>
			8,921,204		9,095,504
Other Assets	8		<u>744,421</u>		<u>179,875</u>
			9,665,625		9,275,379
<b>Current Assets</b>					
Debtors	9	371,279		385,836	
Cash at bank and in hand		<u>2,800,679</u>		<u>2,601,827</u>	
		3,171,958		2,987,663	
<b>Current Liabilities</b>					
Creditors due within one year	10		<u>(504,912)</u>	<u>(568,038)</u>	
			2,667,046		2,419,625
Creditors due falling after more than one year	11		<u>7,687,289</u>		<u>7,877,110</u>
Net Assets			<u>4,645,382</u>		<u>3,817,894</u>
<b>Capital and Reserves</b>					
Share capital	15		62		68
Designated reserves	6		687,406		747,239
Revenue reserves	6		<u>3,957,914</u>		<u>3,070,587</u>
			4,645,382		3,817,894

These financial statements were approved by the Committee of Management and authorised for issue on ...21<sup>st</sup> August 2014.. and signed on their behalf by:

Secretary: P. Howden 

Member: P Barr 

Member: W Running 



**CALVAY HOUSING ASSOCIATION LIMITED**

**CASH FLOW STATEMENT**

**FOR YEAR ENDED 31 MARCH 2014**

		2014	2013
		£	£
<b>Net cash inflow from operating activities</b>	<b>16</b>	1,279,800	1,000,232
<b>Costs on investments and servicing of finance</b>			
Interest received		21,565	14,099
Interest paid		(231,726)	(258,635)
		(210,161)	(244,536)
<b>Investing activities</b>			
Cash paid for construction and purchases		(690,531)	(679,627)
Proceeds from disposal of fixed asset		27,750	36,463
Housing association grant received		-	117,950
Housing association grant repaid		(23,749)	(16,997)
<b>Net cash (outflow) from investing activities</b>		(686,530)	(542,211)
Net cash inflow/ (outflow) before financing		383,109	213,485
<b>Financing</b>			
Loans received		-	-
Loan principal repayments		(184,261)	(189,554)
Share capital issued/ (cancelled) during the year		4	(3)
		(184,257)	(189,557)
<b>Increase in cash and cash equivalents</b>		198,852	23,928

Further details are given in note 16.

# CALVAY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 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 Co-operative and Community Benefit Societies Act 2014 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 2014 (continued)

### (f) Fixed assets

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.

The Association has set a capitalisation limit for other fixed assets, excluding housing properties. Any other fixed asset purchases below £20,000 are charged to the Income and Expenditure account.

### (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 2014 (continued)

(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**

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 2014 (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 and office premises 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/ (deficit) £	2013 £
Social lettings	3	2,866,319	1,811,598	1,054,721	819,689
Other activities	4	40,115	65,674	(25,559)	(50,426)
Total		<u>2,906,434</u>	<u>1,877,272</u>	<u>1,029,162</u>	<u>769,263</u>
<b>2013</b>		<u>2,769,730</u>	<u>2,000,467</u>	<u>769,263</u>	

**CALVAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014 (continued)**

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

	<b>General Needs Housing £</b>	<b>Shared Ownership £</b>	<b>Supported Accommod- ation</b>	<b>Total £</b>	<b>2013 £</b>
<b>Income from social lettings</b>					
Rent receivable net of Service charges	2,709,956	43,054	125,250	2,878,260	2,728,127
Service charges	-	-	-	-	8,136
Gross income from rents and service charges	2,709,956	43,054	125,250	2,878,260	2,736,263
Less: Rent Losses from Voids	(22,439)	-	(3,691)	(26,130)	(32,212)
	2,687,517	43,054	121,559	2,852,130	2,704,051
Grants from the Scottish Ministers	14,189	-	-	14,189	-
Other Grants	-	-	-	-	-
<b>Total turnover from social letting</b>	<u>2,701,706</u>	<u>43,054</u>	<u>121,559</u>	<u>2,866,319</u>	<u>2,704,051</u>
<b>Expenditure on social lettings</b>					
Service costs	131,278	-	24,557	155,835	152,425
Management and maintenance Planned and cyclical maintenance including major repairs	788,809	-	37,082	825,891	771,386
Reactive maintenance costs	185,182	-	723	185,905	362,239
Bad debts—rents and service charges	290,731	-	36,655	327,386	290,207
Depreciation of social housing	23,232	-	349	23,581	25,743
	279,627	623	12,750	293,000	282,362
<b>Operating costs for social letting</b>	<u>1,698,859</u>	<u>623</u>	<u>112,116</u>	<u>1,811,598</u>	<u>1,884,362</u>
<b>Operating Surplus for social letting activities</b>	<u>1,002,847</u>	<u>42,431</u>	<u>9,443</u>	<u>1,054,721</u>	<u>819,689</u>
<b>Operating Surplus for social letting activities for 2013</b>	<u>743,457</u>	<u>43,522</u>	<u>32,710</u>	<u>819,689</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2013 - £nil).

# CALVAY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014 (continued)

### 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	-	-	-	18,336	18,336	-	34,203	(15,867)	(30,815)
Care and repair of property	-	-	-	-	-	-	-	-	(6,395)
Factoring	-	-	-	21,779	21,779	-	9,997	11,782	13,325
Development and construction of property activities	-	-	-	-	-	-	21,474	(21,474)	(26,541)
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	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	-	-	-	40,115	40,115	-	65,674	(25,559)	(50,426)
<b>2013</b>	-	-	-	65,679	65,679	1,760	114,345	(50,426)	

# CALVAY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014 (continued)

### 5. Taxation

The Association was formally recognised as a recognised Scottish charity on 5<sup>th</sup> 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 2013	Transfer from/ (to) revenue reserve	Expenditure in the year	At 31 March 2014
	£	£	£	£
Pension	747,239	(59,833)	-	687,406

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 13 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 31<sup>st</sup> March 2016 year end.

#### (b) Revenue Reserve

	2014	2013
	£	£
At 1 April	3,070,587	2,314,419
Surplus for year	827,494	549,730
Transfer to Designated Reserves	-	(747,239)
Transfer from Designated Reserves	59,833	953,677
Closing balance at 31 March	3,957,914	3,070,587

### 7. Interest Payable

	2014	2013
	£	£
Interest payable in the year has been charged as follows:		
Loans	231,726	258,635



**CALVAY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**  
**YEAR ENDED 31 MARCH 2014**

**8. Tangible Fixed Assets**

	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Environmental Works £	Housing Properties Total £	Commercial Property £	Other £	Total £
<b>Cost</b>							
At 1 April 2013	34,109,952	792,972	1,515,869	36,418,793	1,253,430	308,176	37,980,399
Additions during year	113,617	-	-	113,617	-	576,914	690,531
Disposals	(67,052)	-	-	(67,052)	-	-	(67,052)
At 31 March 2014	34,156,517	792,972	1,515,869	36,465,358	1,253,430	885,090	38,603,878
<b>Housing Association Grant</b>							
At 1 April 2013	23,701,057	761,844	1,463,339	25,926,240	1,067,314	-	26,993,554
Additions during year	-	-	-	-	-	-	-
Disposals	(52,742)	-	-	(52,742)	-	-	(52,742)
At 31 March 2014	23,648,315	761,844	1,463,339	25,873,498	1,067,314	-	26,940,812
<b>Depreciation</b>							
At 1 April 2013	1,342,510	12,515	42,024	1,397,049	58,890	255,527	1,711,466
Provided during year	287,124	623	5,253	293,000	6,204	6,164	305,368
Disposals	(19,393)	-	-	(19,393)	-	-	(19,393)
At 31 March 2014	1,610,241	13,138	47,277	1,670,656	65,094	261,691	1,997,441
<b>Net book value</b>							
At 31 March 2014	8,897,961	17,990	5,253	8,921,204	121,022	623,399	9,665,625
As at 31 March 2013	9,066,385	18,613	10,506	9,095,504	127,226	52,649	9,275,379

None of the Association's land or buildings was held under a lease. Development costs capitalised was £nil (2013 £nil). Total major repair costs were £180,575 (2013 £934,104) of which £113,617 (2013 £679,627) was capitalised, of the amount capitalised £112,225 (2013 £535,088) related to replacement of components and £1,392 (2013 £144,539) related to improvements.

**CALVAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

**YEAR ENDED 31 MARCH 2014**

	<b>2014</b>	<b>2013</b>
	£	£
<b>9. Debtors</b>		
Amounts falling due within one year:		
Gross rents in arrears	166,903	175,075
Technical rent arrears	226,253	192,474
Less bad debt provision	<u>(108,987)</u>	<u>(108,987)</u>
	284,169	258,562
Trade debtors	19,665	15,451
Other debtors	67,445	111,823
	<u>371,279</u>	<u>385,836</u>

	<b>2014</b>	<b>2013</b>
	£	£
<b>10. Creditors due within one year</b>		
Loans (note 11)	187,015	189,554
Trade creditors	100,426	150,891
Other creditors	154,556	154,546
Accruals and deferred income	16,599	27,198
Other tax and social security	12,427	10,443
Rents in advance	33,889	35,406
	<u>504,912</u>	<u>568,038</u>

	<b>2014</b>	<b>2013</b>
	£	£
<b>11. Creditors: Amounts falling due after more than one year</b>		
Loans	<u>7,687,289</u>	<u>7,877,110</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 9.2% (2013 – 0.93% to 9.2%) in instalments due as follows:

	<b>2014</b>	<b>2013</b>
	£	£
In one year or less	187,015	189,554
Between one and two years	201,869	205,816
Between two and five years	628,939	633,982
In five years or more	6,856,481	7,037,312
	<u>7,874,304</u>	<u>8,066,664</u>

**CALVAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

**YEAR ENDED 31 MARCH 2014**

	2014	2013
	£	£
<b>12. Employees</b>		
Wages and salaries	493,547	462,476
Social security costs	42,216	42,679
Other pension costs	57,120	56,094
	592,883	561,249

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

	No	No
Administration and maintenance	17	17

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 was one director with emoluments, excluding pension contributions, over £60,000.

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	66,125	64,115
Emoluments payable to Highest Paid Director (excluding pension contributions)	60,355	58,513

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 £5,770 (2013 - £5,602).

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 2014

### 13. Pension Fund

Calvay Housing Association 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 as at 30 September 2012 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 £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 £1,664,781.

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 3% per annum based on the current past service deficit. This therefore equals a Net Present Value of £687,406.

# CALVAY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**YEAR ENDED 31 MARCH 2014**

### 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 1/60<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/80<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/120<sup>th</sup> 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. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Calvay Housing Association Limited has elected to operate the final salary with a 1/60<sup>th</sup> 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 £249,046.

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	5.3
Investment return post retirement – Non pensioners	3.4
Investment return post retirement – Pensioners	3.4
Rate of salary increases	4.1
<b>Rate of pension increases</b>	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

**CALVAY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

**YEAR ENDED 31 MARCH 2014**

**13. Pension fund (continued)**

<b>Contribution Rates for Future Service (payable from 1 April 2011)</b>	<b>% p.a.</b>
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

	<b>2014</b>	<b>2013</b>
	£	£
<b>14. Auditors' Remuneration</b>		
The remuneration of the auditors (including expenses)	8,000	8,112
Remuneration of entities other than Baker Tilly UK Audit LLP	<u>400</u>	<u>780</u>

	<b>2014</b>	<b>2013</b>
	£	£
<b>15. Share Capital</b>		
Shares of £1 fully paid and issued at 1 April	68	71
Shares issued during year	4	4
Shares cancelled or forfeited during year	<u>(10)</u>	<u>(7)</u>
Shares of £1 fully paid and issued at 31 March	<u>62</u>	<u>68</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 2014**

16. Notes to the Cash Flow Statement	2014	2013
	£	£
<b>Reconciliation of surplus to net cash inflow from operating activities</b>		
Surplus for year	827,494	549,730
Net interest payable	210,161	244,536
Operating surplus for the year excluding interest and tax payable	1,037,655	794,266
Depreciation – other assets	12,368	12,368
Depreciation – housing properties	293,000	282,362
Gain on sale of fixed assets	(8,493)	(25,003)
Decrease/(Increase) in debtors	14,557	(114,491)
(Decrease)/Increase in creditors	(69,287)	50,730
	1,279,800	1,000,232

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

Increase in cash for the year	198,852	23,928
Loans received	-	-
Loan repayments	192,360	189,554
Change in net debt	391,212	213,482
Net debt as at 1 April	(5,464,837)	(5,678,319)
Net debt as at 31 March	(5,073,625)	(5,464,837)

**Analysis of changes in net debt**

	As at 31 March 2013	Cash Flow	Other Changes	As at 31 March 2014
	£	£	£	£
Cash at bank and in hand	2,601,827	198,852	-	2,800,679
Debt due within one year	(189,554)	2,539	-	(187,015)
Debt due after one year	(7,877,110)	189,821	-	(7,687,289)
	(5,464,837)	391,212	-	(5,073,625)

17. Capital Commitments	2014	2013
	£	£
Expenditure authorised by the Committee of Management contracted less certified and in respect of the new office.	200,000	-

**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 2014 was £840,510 (2013: £787,768).

# CALVAY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### YEAR ENDED 31 MARCH 2014

<b>19. Housing Stock</b>	<b>2014</b>	<b>2013</b>
	No	No
The number of units in Management at 31 March 2014 was as follows		
General needs (excluding 2 wardens offices)	797	797
Supported	30	30
Shared Ownership	22	23
Other	1	1
	<u>850</u>	<u>851</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**

	<b>2014</b>	<b>2013</b>
	£	£
At 1 April	3,817,894	3,268,167
Surplus for year	827,494	549,730
New shares issued	4	4
Shares cancelled or forfeited	(10)	(7)
At 31 March	<u>4,645,382</u>	<u>3,817,894</u>