

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Registered Housing Association Number: HAC 80
Charity Registration Number: 2194R (S)
FCA Reference Number: SC039234

CALVAY HOUSING ASSOCIATION LIMITED

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**CALVAY HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018**

MEMBERS OF THE MANAGEMENT COMMITTEE

Pauline Barr	(Chairperson)	
Alison A'Hara	(Vice Chair)	
Janet Martin	(Treasurer)	
Anna Ellis	(Secretary)	
Rosemarie Lindsay	(Committee Member)	
Annie Robertson	(Committee Member)	
Sandra McIlroy	(Committee Member)	
Wilma Running	(Committee Member)	
Peter Howden	(Committee Member)	
Rebecca Howden	(Committee Member)	
Mima Bell	(Committee Member)	
Lindsay Dick	(Committee Member)	
Billy McIlroy	(Committee Member)	
Christopher Warwick	(Committee Member)	(Co-opted 8 March 2018)
Sandra Chastey	(Committee Member)	(Co-opted 26 April 2018)

EXECUTIVE OFFICERS

Michael Dawson	(Director)	(Retired 13 April 2018)
Brian Gannon	(Interim Director)	(Appointed 10 April 2018)

REGISTERED OFFICE

16 Calvay Road
Glasgow
G33 4RQ

AUDITORS

French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

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

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

CALVAY HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2018.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 2194 (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC039234.

Principal Activities

The principal activity of the Association is the provision of social housing.

Objectives and Strategy

The Association is a Registered Social Landlord and Scottish Charity. The core objects as set out in our Rules are to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation.

Our current four key strategic objectives are:

1. To provide, manage and maintain desirable, quality affordable housing in Barlanark and the surrounding area in response to local housing need.
2. To promote community control of the Association.
3. To contribute to the improvement of social, physical, environmental and economic conditions in the local community.
4. To ensure that all Calvay services are managed and monitored by highly competent staff and committee members working within an effective strategic framework based on plans, policies and procedures.

Review of business and future developments

Current Year

Calvay HA is financially strong and delivers quality services with strong customer satisfaction and very good performance on key indicators relative to our peers. We cannot rest on our laurels however and must continue to be prudent and plan for the unexpected. We regularly review our finances to ensure that we are able to continue to invest in our housing stock and in the last year we took the decision to use some of our surplus income to pay off one of our loans which has helped to reduce the upward pressure on rents and also assist in securing further loans for future housing developments that are in our plans for Barlanark.

The Fixed element of a loan to acquire houses from GHA in 2012 (£3.255m) which matured in June 2016, has been renewed for a further five years at a fixed rate of 2.405% per annum. The resultant annual reduction in interest, approximately £60k, will be channelled into the fabric of the housing stock over the fixed price period of this loan.

During 2016/17 the Association made the conscious decision to repay over £0.5m of Loans due to the Nationwide Building Society, with a further commitment to redeem the rest of the Nationwide loan portfolio (c. £345k) during 2017/18. This further redemption was carried in December 2017 and which now leaves the Association with only one principal lender, the Clydesdale Bank Ltd. In redeeming those earlier Nationwide loans the Association has helped to reduce the upward pressure on rents, and at the same time released the securities

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

registered against those properties (c.400 houses), and which may also help secure further loans for any future housing developments (see below).

We continue to invest heavily in our stock and in the last year we spent around £800,000 in planned improvements and maintenance and completed over 3,200 repairs.

During the year we also implemented a new Rent Policy so that the way we charge rents is not only fair but can be seen to be fair across all our tenancies. Our rents continue however to be among the lowest in the city.

We are more than just a landlord of course and the Calvay Centre continues to be a fantastic resource for local people to access other services and various community activities.

In March this year our Director for the last 18 years, Michael Dawson, took the decision to retire. Michael saw the Association through many changes including changing the organisation from a Cooperative to an Association, the extension and modernisation of the Calvay Centre, the transfer of 384 properties from GHA to Calvay, the move to our new, modern offices at 16 Calvay Road and several new build projects.

The Future

The Association agreed a draft Business Plan in 2017 which will be developed further by the new Director and Management Committee in 2018 to ensure that it meets Regulatory Standards of Governance and Financial Management and implements important recommendations from our Options Appraisal.

During the coming financial year the Association intends to replace external windows and central heating systems to approximately 120 units at various addresses, at a cost of £330k. Close Doors and entry systems are also scheduled for renewal in the coming year at a cost of £200k. £80k has also been set aside for electrical upgrades to void properties. A total of £850k has been allocated to our Major Repair programme, up by £100k on the previous year.

We have a scheme agreement with Glasgow City Council to develop 3 vacant sites within Calvay's area of operation. We are hopeful of acquiring two of the sites, which are not currently under our ownership, from Glasgow City Council in 2018 which will allow us to begin the design process for the 3 sites.

Financial review

The Association made a surplus in the year of £1,150,978 (2017: £1,119,066). £630,312 was spent on planned maintenance (which has been capitalised).

Turnover of £3.6 million relates to the income from the letting of properties at affordable rents. Rent increases during 2017/18 were 2%.

At 31 March 2018 £8.97 million was held in reserves.

Risks and uncertainties

Strong governance remains essential at Calvay Housing Association to ensure that the Association continues to provide the services which its tenants want.

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

Prudent treasury management will be required to manage cash flow to meet the delivery of the future investment programme and required financial performance ratios.

We will also continue to manage key external risks such as:

- Inflation, pay and interest rates
- Pension liabilities

A key risk for Calvay in the coming years is the implementation of Full Service Universal Credit and Calvay has recently invested in a new Welfare Rights Officer to assist with mitigating the impact on our tenants and in turn Calvay's rental income.

Governance

Calvay's Management Committee is the Association's governing body and meets usually 9 times a year. It has a minimum of 7 and a maximum of 15 members.

The Committee can also co-opt to the Committee anyone the Committee consider is suitable to become a Committee Member. Co-optees do not need to be Members, but they can only serve as co-optees on the Committee until the next annual general meeting or until removed by the Committee.

In addition to the Management Committee, Calvay operates 3 Sub Committees (Operations, Corporate and Community Regeneration).

All Committee Members must agree to and sign the Association's code of conduct and declaration of interest form for Committee Members. At the beginning of each Committee meeting they must also declare if they have any personal or external interests in respect of any agenda items.

On an annual basis each Management Committee member has an appraisal to assess the contribution, skills, knowledge and objectivity that they bring to the Management Committee.

The Committee also satisfies itself that any Committee Member seeking re-election to the Committee after service as a Committee Member for a continuous period in excess of 9 years is able to demonstrate his/her continued effectiveness as a Committee Member.

Following Michael's retirement the Association's Management Committee appointed a consultant to prepare an Options Appraisal which had the aim of establishing the best way forward for Calvay as a whole. Brian Gannon was appointed as Interim Director to assist Calvay, prior to appointing a permanent replacement for Michael.

Related Party Transactions

Several members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their position to their advantage.

Committee of Management and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 require The Management Committee 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 for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment 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

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REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:


- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
 - Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
 - Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
 - Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
 - Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
 - All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
 - The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
-
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of Management Committee


Anna Ellis, Secretary

Date: 

**CALVAY HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH
2018**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 & 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 & 6 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of The Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


French Duncan LLP

Chartered Accountants
Statutory Auditors

GLASGOW

Date: 

CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018

OPINION

We have audited the financial statements of Calvay Housing Association Limited for the year ended 31 March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018**

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

RESPONSIBILITIES OF COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on page 5, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

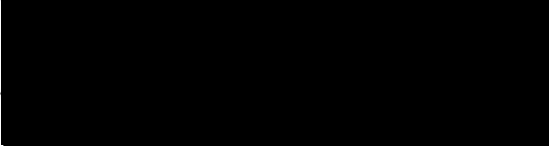
**CALVAY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF CALVAY HOUSING
ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with Section 87 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 auditors' 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


French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date: 

**CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
REVENUE	2	3,634,847	3,692,093
Operating costs	2	<u>(2,343,738)</u>	<u>(2,436,331)</u>
OPERATING SURPLUS	2, 9	1,291,109	1,255,762
(Loss)/gain on sale of housing stock	7	(806)	43,314
Interest receivable and other similar income		10,380	13,416
Interest payable and other similar charges	8	(145,705)	(175,426)
Other finance charges	11	<u>(4,000)</u>	<u>(18,000)</u>
		<u>(140,131)</u>	<u>(136,696)</u>
SURPLUS FOR THE YEAR		1,150,978	1,119,066
OTHER COMPREHENSIVE INCOME			
Remeasurement of pension liability	22	-	384,000
TOTAL COMPREHENSIVE INCOME		<u>1,150,978</u>	<u>1,503,066</u>

The results for the year relate wholly to continuing activities.

The notes on page 15 to 32 form part of these financial statements.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	26,541,420	26,744,568
Other tangible fixed assets	12(b)	<u>771,668</u>	<u>792,218</u>
		27,313,088	27,536,786
CURRENT ASSETS			
Debtors	13	290,363	268,861
Cash at bank and in hand		<u>3,825,810</u>	<u>3,676,502</u>
		4,116,173	3,945,363
CREDITORS: amounts falling due within one year	14	<u>(560,449)</u>	<u>(596,150)</u>
NET CURRENT ASSETS		<u>3,555,724</u>	<u>3,349,213</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		30,868,812	30,885,999
CREDITORS: amounts falling due after more than one year			
housing property loans	15	(6,019,660)	(6,523,248)
retirement benefit scheme deficit	15	(236,000)	(314,000)
DEFERRED INCOME			
Social Housing Grants	17	<u>(15,639,399)</u>	<u>(16,225,979)</u>
		<u>8,973,753</u>	<u>7,822,772</u>
EQUITY			
Share capital	18	58	55
Revenue reserve		<u>8,973,695</u>	<u>7,822,717</u>
		<u>8,973,753</u>	<u>7,822,772</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on

Pauline Barr
Chairperson

Janet Martin
Treasurer

Anna Ellis
Secretary

The notes on page 15 to 32 form part of these financial statements.

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>1,482,407</u>	<u>1,763,188</u>
INVESTING ACTIVITIES			
Acquisition and construction of housing properties	(680,405)	(620,559)	
Purchase of other fixed assets	-	-	
Social Housing Grant received	-	-	
Social Housing Grant repaid/abated	(69,257)	(138,090)	
Proceeds of disposals of housing properties	82,350	91,405	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(667,312)</u>	<u>(667,244)</u>
NET CASH INFLOW BEFORE FINANCING		815,095	1,095,944
FINANCING ACTIVITIES			
Interest received on cash and cash equivalents	10,380	13,416	
Interest paid on Loans	(145,705)	(175,426)	
Movement in short term borrowings	(26,876)	(151,156)	
Movement in long term borrowings	(503,589)	(735,776)	
Share capital issued	3	-	
NET CASH (OUTFLOW) FROM FINANCING		<u>(665,787)</u>	<u>(1,048,942)</u>
INCREASE IN CASH		149,308	47,002
OPENING CASH AND CASH EQUIVALENTS		3,676,502	3,629,500
CLOSING CASH AND CASH EQUIVALENTS		<u><u>3,825,810</u></u>	<u><u>3,676,502</u></u>

CALVAY HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2017	55	7,822,717	7,822,772
Issue of Shares	8	-	8
Cancelled shares	(5)	-	(5)
Surplus for Year	-	1,150,978	1,150,978
Balance as at 31 March 2018	<u>58</u>	<u>8,973,695</u>	<u>8,973,753</u>

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2016	55	6,319,651	6,319,706
Issue of Shares	3	-	3
Cancelled shares	(3)	-	(3)
Surplus for Year	-	1,119,066	1,119,066
SHAPS pension adjustment	-	384,000	384,000
Balance as at 31 March 2017	<u>55</u>	<u>7,822,717</u>	<u>7,822,772</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Basis of Accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Going Concern

The Management Committee have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

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

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Structure	50 years
Bathrooms	30 years
Windows	25 years
Kitchens	15 years
Central Heating	15 years

Shared ownership properties are depreciated over 50 years.

Depreciation and Impairment of Other Non-Current Assets

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

Office Premises	Over 50 years
Land	Not depreciated
Commercial Premises	Over 30 years
Fixtures & Fittings	Over 5 years

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Costs of Shared Ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the scheme in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

CALVAY HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2018		2017		Operating surplus/ (deficit) £
	Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Affordable letting activities	3,592,844	(2,286,368)	3,651,184	(2,379,982)	1,271,202
Other activities	42,003	(57,370)	40,909	(56,349)	(15,440)
Total	3,634,847	(2,343,738)	3,692,093	(2,436,331)	1,255,762

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	2018 Total £	2017 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	2,897,881	125,642	40,938	3,064,461	3,017,677
Service charges receivable	-	-	-	-	-
Gross rents receivable	2,897,881	125,642	40,938	3,064,461	3,017,677
Less rent losses from voids	(7,814)	(334)	-	(8,148)	(8,949)
Net rents receivable	2,890,067	125,308	40,938	3,056,313	3,008,728
Amortisation of Social Housing & Other Grants	517,323	-	-	517,323	625,429
Revenue grants from local authorities and other agencies	19,208	-	-	19,208	17,027
Total income from social letting	3,426,598	125,308	40,938	3,592,844	3,651,184
Expenditure on social letting activities					
Management and maintenance administration costs	864,405	36,968	-	882,979	917,047
Service costs	147,801	23,511	-	171,312	170,172
Direct services	-	-	-	-	-
Planned and cyclical maintenance including major repairs	170,898	7,306	-	178,204	173,588
Reactive maintenance	228,110	14,810	-	242,920	229,159
Bad debts - rents and service charges	10,123	433	-	10,556	10,615
Depreciation of social housing	757,167	32,816	10,414	800,397	879,401
Operating costs of social letting	2,178,504	115,844	10,414	2,286,368	2,379,982
Operating surplus / (deficit) on social letting activities	1,248,094	9,464	30,524	1,306,476	1,271,202
2017	1,234,837	7,696	28,669	1,271,202	

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit) 2018	Operating surplus/ (deficit) 2017
	£	£	£	£	£	£	£	£	£
Stage 3 adaptations	-	-	-	-	-	-	-	-	-
Wider Role Activities	-	5,275	-	7,712	12,987	-	(25,646)	(12,659)	(16,222)
Development activities	-	-	-	-	-	-	(7,334)	(7,334)	(9,070)
Factoring services	-	-	-	17,016	17,016	-	(12,390)	4,626	9,852
Commercial rents	-	-	-	12,000	12,000	-	(12,000)	-	-
Other income/ (expenditure)	-	-	-	-	-	-	-	-	-
Services									
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	-	5,275	-	36,728	42,003	-	(57,370)	(15,367)	(15,440)
TOTAL FROM OTHER ACTIVITIES FOR 2017	-	20,109	-	20,800	40,909	-	(56,349)	(15,440)	(15,440)

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

No emoluments have been paid to any member of the management committee.

	2018	2017
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	64,425	63,253
Emoluments payable to the director (excluding pension contributions)	64,425	63,253
Pension contributions paid on behalf of the director	8,090	7,753
	Number	Number

Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:

£60,001 - £70,000	1	1
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Payments to board members during the year for reimbursement of expenses were £522 (2017 - £477).

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEE INFORMATION

	2018	2017
	£	£
Staff costs during the year:		
Wages and salaries	521,858	534,282
Social security costs	58,760	55,440
Pension costs	48,860	48,292
Other pension costs - impact of change in actuarial assumptions	(3,000)	11,000
	<u>626,478</u>	<u>649,014</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>19</u>	<u>17</u>

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales proceeds	82,350	91,405
Cost of sales	(83,156)	(48,091)
	<u>(806)</u>	<u>43,314</u>
(Loss)/Gain on sale		

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Bank loans and overdrafts	145,705	175,426
Other loans repayable within five years	-	-
	<u>145,705</u>	<u>175,426</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

9. OPERATING SURPLUS/(LOSS) FOR THE YEAR

	2018	2017
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	820,947	899,951
Auditors' remuneration - audit services	9,000	9,000
- other services	1,000	1,000
(Loss)/Gain on sale of fixed assets	(806)	43,314
Amortisation of capital grants	<u>517,323</u>	<u>520,929</u>

10. TAX ON SURPLUS/(LOSS) ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE CHARGES

	2018	2017
	£	£
Unwinding of discounted liabilities	<u>4,000</u>	<u>18,000</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Shared Equity Properties Held for Letting	Total
	£	£	£	£
COST				
At start of year	36,506,061	-	735,955	37,242,016
Additions	630,312	50,093	-	680,405
Disposals	(253,057)	-	(73,596)	(326,653)
At end of year	<u>36,883,316</u>	<u>50,093</u>	<u>662,359</u>	<u>37,595,768</u>
DEPRECIATION				
At start of year	10,271,608	-	225,840	10,497,448
Charged during year	789,983	-	10,414	800,397
Eliminated on disposal	(215,531)	-	(27,966)	(243,497)
At end of year	<u>10,846,060</u>	<u>-</u>	<u>208,288</u>	<u>11,054,348</u>
NET BOOK VALUE				
At end of year	<u>26,037,256</u>	<u>50,093</u>	<u>454,071</u>	<u>26,541,420</u>
At start of year	<u>26,234,453</u>	<u>-</u>	<u>510,115</u>	<u>26,744,568</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets	Office Premises £	Land	Commercial Premises	Furniture & Fittings £	Total £
COST					
At start of year	717,277	15,060	186,116	-	918,453
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At end of year	<u>717,277</u>	<u>15,060</u>	<u>186,116</u>	<u>-</u>	<u>918,453</u>
DEPRECIATION					
At start of year	42,529	-	83,706	-	126,235
Charged during year	14,346	-	6,204	-	20,550
Disposals	-	-	-	-	-
At end of year	<u>56,875</u>	<u>-</u>	<u>89,910</u>	<u>-</u>	<u>146,785</u>
NET BOOK VALUE					
At end of year	<u>660,402</u>	<u>15,060</u>	<u>96,206</u>	<u>-</u>	<u>771,668</u>
At start of year	<u>674,748</u>	<u>15,060</u>	<u>102,410</u>	<u>-</u>	<u>792,218</u>

13. DEBTORS

	2018 £	2017 £
Arrears of Rent & Service Charges	299,614	298,970
Less: Provision for Doubtful Debts	<u>(108,987)</u>	<u>(108,987)</u>
	190,627	189,983
Other Debtors	<u>99,736</u>	<u>78,878</u>
Prepayments and accrued income	<u>-</u>	<u>-</u>
	<u>290,363</u>	<u>268,861</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	183,333	210,209
Trade Payables	44,390	105,586
Rent in Advance	12,644	11,268
Other Taxation and Social Security	14,021	14,018
Other Payables	40,840	89,573
Accruals and Deferred Income	186,221	88,496
Liability for Past Service Contribution Arrangements	79,000	77,000
	<u>560,449</u>	<u>596,150</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Liability for Past Service Contribution Arrangements	236,000	314,000
Housing loans	<u>6,019,660</u>	<u>6,523,248</u>
	<u>6,255,660</u>	<u>6,837,248</u>

The Association has a number of long term housing loans, the terms and conditions of which are as follows:

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

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% (2017 – 0.93% to 9.2%) in instalments as follows:

	2018	2017
	£	£
Between one and two years	188,960	215,155
Between two and five years	588,518	638,061
In five years or more	<u>5,242,182</u>	<u>5,670,032</u>
	<u>6,019,660</u>	<u>6,523,248</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2018	2018	2017
	£	£
Operating Surplus	1,291,109	1,255,762
Depreciation	820,947	899,951
Amortisation of Capital Grants	(517,323)	(520,929)
Change in debtors	(21,502)	96,963
Change in creditors	(10,824)	89,441
Deficit contributions	(77,000)	(69,000)
Movement in Pension Liability	(3,000)	11,000
	<u>1,482,407</u>	<u>1,763,188</u>
Balance as at 31 March 2018	<u>1,482,407</u>	<u>1,763,188</u>

17. DEFERRED INCOME

	2018	2017
	£	£
Social Housing Grants		
Balance as at 1 April 2017	16,225,979	16,884,998
Additions in year	-	-
Released / Repaid as the result of property disposal	(69,257)	(138,090)
Amortisation in Year	(517,323)	(520,929)
	<u>15,639,399</u>	<u>16,225,979</u>
Balance as at 31 March 2018	<u>15,639,399</u>	<u>16,225,979</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	517,323	520,929
Amounts due in one year or more	15,122,076	15,705,050
	<u>15,639,399</u>	<u>16,225,979</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL

	2018	2017
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2017	55	55
Issued in year	8	3
Cancelled in year	(5)	(3)
At 31 March 2018	<u>58</u>	<u>55</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends 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.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - New Build	796	798
Shared Ownership	18	20
Supported Housing	30	30
Other	1	1
	<u>845</u>	<u>849</u>

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Management Committee are summarised as:

- 11 Members are tenants of the Association
- 2 Members are factored owners
- 1 other Member
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee – £39,702.
- Factoring income received from Owner Occupiers on the Committee - £843.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £177.
- At the year-end total rent balances owed by Owner Occupiers of the Committee were - £Nil.

21. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 16 Calvay Road, Glasgow, G33 4RQ.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Glasgow.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS

SCHEME: TPT Retirement Solutions – Scottish Housing Associations’ Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027:	£26,304,000 per annum (payable monthly, increasing by 3% each 1st April)
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A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

Unless a concession has been agreed with the Trustee the term to 28 February 2022 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

CALVAY HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £315,000 (2017 - £391,000). This is calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.51% (2017 – 1.06%).

Reconciliation of Opening and Closing Provisions

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	391	815
Unwinding of the discount factor (interest expense)	4	18
Deficit contribution paid	(77)	(69)
Remeasurements - impact of any change in assumptions	(3)	11
Remeasurements - amendments to the contribution schedule	-	(384)
Provision at end of period	315	391

In 2017 as a result of the 2015 Actuarial Valuation the liability for the pension deficit was recalculated resulting in a significant reduction to the pension deficit liability of £384,000.

The Association made payments totalling £48,860 (2017 - £48,292) to the pension scheme during the year. At 31 March 2018, amounts owed in respect of pension payments were £16,656 (2017 - £12,969).

23. CONTINGENT LIABILITIES

The pension withdrawal debt as at 31 March 2018 for Calvay Housing Association is £2,523,672.