

CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Financial Services Authority No: 2194R(S)

Registered Housing Association No: HAC 80

Charity No SC039234

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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Registration particulars:

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

CALVAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

REGISTERED OFFICE

55 Calvay Road
Barlanark
Glasgow
G33 4RQ

AUDITORS

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

BANKERS

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

SOLICITORS

Hart Smith & Co
43 Crow Road
Glasgow
G11 7SH

CALVAY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2011

(continued)

The Committee of Management present their report and audited financial statements for the year ended 31 March 2011.

Principal activity

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

Business review

The Committee of Management note that the Association's Balance Sheet as detailed on page 10 shows a satisfactory position. The Committee are pleased to note that there is a substantial balance of cash on hand and large positive net current asset position as shown on the Balance Sheet. Total reserves exceed £2.16m.

The Association has, post Balance Sheet date, successfully acquired 384 house from the Glasgow Housing Association (GHA) at an agreed valuation of £2.49m. A subsequent programme of buy backs and demolition will consolidate this 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 ongoing buy backs and demolitions, and redeem earlier loans from the Royal bank of Scotland (£3.53m), Bank of Scotland (£0.251m) and the Scottish Government (£0.184m).

Surplus for the year and transfers

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

	£
Transfers to designated reserves:	-
- Future repairs reserve	-
Transferred from revenue reserve	154,191
Surplus for the year	<u>154,191</u>

Members of Committee of Management

The members of the Committee of Management of the Association during the year to 31 March 2011 were as follows:

Peter Howden (Chairperson)	Rosemarie Lindsay (Vice Chair)
Tam Kay	Flo Harris
Anna Ellis (Secretary)	Betty Mitchell
Yvonne Currie	John Robertson
Janet Martin (Treasurer)	Annemarie Boyle (Co-opted 07.10.10)
Pauline Barr	Alison A'Hara (Co-opted 27.01.11)

Fixed assets

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

CALVAY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2011

(continued)

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. The cost of these repairs would be charged to the Income and Expenditure Account, unless it was agreed it could be capitalised within the terms outlined in the SORP 2005.

Treasury Management

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

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Wider Role

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

Quality and Integrity of Personnel

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

Budgetary Process

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

Rental Income

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

CALVAY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2011

(continued)

Future developments

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

Information for the auditors

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

Auditors

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

On behalf of the Committee of Management

Name: *Ana Ellis*

Date: *2/9/11*

CALVAY HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2011

Under the legislation relating to Industrial and Provident Societies we are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the profit or loss of the Association of that period. In preparing those financial statements we are required to:

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

We are also responsible for:

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

CALVAY HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2011

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

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

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

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- the Committee of Management review reports from management, from directors, staff and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- the Committee of Management review reports from the director, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association. There was no formal review by the internal auditor undertaken during 2010/11, although other reports were presented to Committee.
- 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 2011
(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 2011 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management

Date: 2/9/11

Name: *Ana Lli*

CALVAY HOUSING ASSOCIATION LIMITED

AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS

YEAR ENDED 31 MARCH 2011

Corporate Governance

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

Basis of Opinion

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

Opinion

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



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date:20/09/11.....

**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 2011 on pages 9 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 8, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

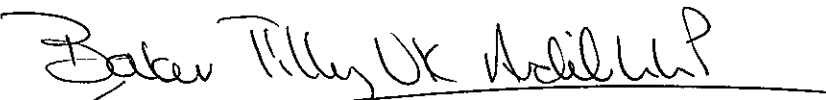
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

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

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


BAKER TILLY UK AUDIT LLP
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH
Date: 20/09/11

CALVAY HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	1,927,254	1,546,039
Less: Operating costs	2	1,643,994	1,271,044
Operating surplus	2	283,260	274,995
Profit on sale of fixed assets		33,063	-
Interest receivable and other income		5,642	10,476
Interest payable and other charges	7	(167,774)	(47,188)
Surplus on ordinary activities before tax		154,191	238,283
Taxation on surplus on ordinary activities	5	-	-
Surplus for year		154,191	238,283

The results for 2010 and 2011 relate wholly to continuing activities.

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

CALVAY HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011		2010	
		£	£	£	£
Tangible Fixed Assets					
Housing properties					
- gross cost less depreciation	8		31,883,909		30,170,943
Less: HAG and other grants	8		<u>(26,420,120)</u>		<u>(26,402,315)</u>
			5,463,789		3,768,628
Other Assets	8		<u>207,516</u>		<u>245,432</u>
			5,671,305		4,014,060
Current Assets					
Debtors	9	223,205		140,455	
Cash at bank and in hand		<u>1,613,001</u>		<u>1,621,435</u>	
		1,836,206		1,761,890	
Current Liabilities					
Creditors due within one year	10	<u>(372,831)</u>		<u>(275,315)</u>	
			<u>1,463,375</u>		<u>1,486,575</u>
			7,134,680		5,500,635
Creditors due falling after more than one year	11		<u>(4,970,454)</u>		<u>(3,490,589)</u>
Net Assets			<u><u>2,164,226</u></u>		<u><u>2,010,046</u></u>
Capital and Reserves					
Share capital	15		76		88
Designated reserves	6		953,677		953,677
Revenue reserves	6		<u>1,210,473</u>		<u>1,056,281</u>
			<u>2,164,226</u>		<u>2,010,046</u>

These financial statements were approved by the Committee of Management and authorised for issue on 15/4/11 and signed on their behalf by:

Secretary: *Bruce Ellis*

Member: *R. Hawch*

Member: *Antony*

CALVAY HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

FOR YEAR ENDED 31 MARCH 2011

		2011		2010
		£	£	£
Net cash inflow from operating activities	16	397,854		418,052
Costs on investments and servicing of finance				
Interest received		5,642		10,476
Interest paid		(167,774)		(47,187)
		<u>(162,132)</u>		<u>(36,711)</u>
Taxation				
Corporation tax paid		-		-
Less: Grants received		-		-
		<u>-</u>		<u>-</u>
Investing activities				
Cash paid for construction and purchases		(1,854,857)		(7,313,115)
Proceeds from shared ownership sales		70,392		-
Housing association grant received		44,187		5,312,590
Housing association grant repaid		(26,381)		-
Other grants received		-		-
Purchase of other fixed assets		-		-
Net cash (outflow)/inflow from investing activities			<u>(1,766,659)</u>	<u>(2,000,525)</u>
Net cash (outflow)/inflow before financing			<u>(1,530,937)</u>	<u>(1,619,184)</u>
Financing				
Loans received		1,606,915		1,925,832
Loan principal repayments		(84,400)		(104,029)
Issue of share capital		(12)		4
			<u>1,522,503</u>	<u>1,821,807</u>
Increase in cash and cash equivalents			<u>(8,434)</u>	<u>202,623</u>

Further details are given in note 16.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. Accounting Policies

(a) Introduction and accounting basis

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

(b) Finance

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

(c) Mortgages

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

(d) Housing Association Grants

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

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

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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

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

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

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

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

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

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

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

(g) **Depreciation**

(i) **Housing Properties**

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

(ii) **Other Fixed Assets**

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

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(continued)

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

(h) Designated Reserves

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

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

(i) Lease Obligations

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

(j) Value Added Tax

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

(k) Pensions

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

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

(l) Sale of Housing Properties

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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

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

(m) **Turnover**

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

(n) **Improvements**

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

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

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

(o) **Impairment of Fixed Assets**

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

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

(p) **Property development cost**

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(continued)

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

	Turnover	Operating Costs	Operating Surplus	2010
	£	£	£	£
Social lettings	1,593,273	1,334,935	258,338	268,756
Other activities	333,981	309,059	24,922	6,239
Total	<u>1,927,254</u>	<u>1,643,994</u>	<u>283,260</u>	<u>274,995</u>
2010	<u>1,546,039</u>	<u>(1,271,044)</u>	<u>274,995</u>	

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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

	General Needs Housing £	Shared Ownership £	Total £	2010 £
Income from social lettings				
Rent receivable net of	1,546,187	43,219	1,589,406	1,276,081
Service charges	-	-	-	-
Service charges	18,248	-	18,248	17,522
Gross income from rents and service charges	1,564,435	43,219	1,607,654	1,293,603
Less: Rent Losses from Voids	(14,381)	-	(14,381)	(11,753)
	1,550,054	43,219	1,593,273	-
Grants from the Scottish Ministers	-	-	-	-
Total turnover from social letting	1,550,054	43,219	1,593,273	1,281,850
Expenditure on social lettings				
Service costs	113,916	-	113,916	104,828
Management and maintenance	528,075	-	528,075	527,231
Planned and cyclical maintenance including major repairs	344,602	-	334,602	157,981
Reactive maintenance costs	161,063	-	161,063	150,999
Bad debts—rents and service charges	44,801	-	44,801	12,995
Depreciation of social housing	142,478	-	142,478	59,060
Operating costs for social letting	1,334,935	-	1,334,935	1,013,094
Operating Surplus for social letting activities	215,119	43,219	258,338	268,756
Operating Surplus for social letting activities for 2010	225,088	43,668	268,756	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was nil (2010 - £nil).

The total amount of major repairs expenditure incurred in the year was £289,635 (2010 - £36,100). No major repairs were capitalised.

The Association has no Supported accommodation.

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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	12,641	68,768	-	-	81,409	-	(68,768)	12,641	(14,689)
Care and repair of property	-	-	-	21,960	21,960	-	-	21,960	11,956
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	40,826	-	-	40,826	-	(49,064)	(8,238)	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	169,684	169,684	-	(169,684)	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	20,102	20,102	-	(21,543)	(1,441)	8,972
Total from other activities	12,641	109,594	-	211,746	333,981	-	(309,059)	24,922	6,239
2010	23,901	38,471	-	201,817	264,189	-	(257,950)	6,239	

Other Revenue Grants include £68,768 designated funding received in the year from Big Lottery (2010: £38,471)

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

5. Taxation

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

6. Reserves

(a) Designated Reserves

	At 31 March 2010 £	Transfer from revenue reserve £	Expenditure in the year £	At 31 March 2011 £
Future repairs reserve	953,677	-	-	953,677

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

(b) Revenue Reserve

	2011 £	2010 £
Opening balance at 1 April 2010	1,056,282	817,998
Surplus for year	154,191	238,284
Transfer to designated reserves	-	-
Closing balance at 31 March 2011	1,210,473	1,056,282

7. Interest Payable

	2011 £	2009 £
Interest payable in the year has been charged as follows:		
Loans	167,774	47,188
Less Capitalised	-	-
	167,774	47,188

CALVAY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (cont'd)
YEAR ENDED 31 MARCH 2011

8. Tangible Fixed Assets

	Housing properties held for letting £	Housing properties in course of construction £	Completed ownership properties £	Environmental works £	Commercial property £	Other £	Total £
Cost							
At 1 April 2010	19,374,756	8,843,203	867,918	1,515,869	1,253,430	308,176	32,163,352
Additions during year	1,854,857	-	-	-	-	-	1,854,857
Disposals	-	-	(37,328)	-	-	-	(37,328)
Transfers	8,856,792	(8,843,203)	(13,589)	-	-	-	-
At 31 March 2011	<u>30,086,405</u>	<u>-</u>	<u>817,001</u>	<u>1,515,869</u>	<u>1,253,430</u>	<u>308,176</u>	<u>33,980,881</u>
Housing Association Grant							
At 1 April 2010	17,056,102	7,077,651	805,222	1,463,339	1,067,314	-	27,469,628
Additions during year	44,187	-	-	-	-	-	44,187
Disposals	-	-	(26,381)	-	-	-	(26,381)
Transfers	7,077,657	(7,077,651)	-	-	-	-	-
At 31 March 2011	<u>24,177,940</u>	<u>-</u>	<u>778,841</u>	<u>1,463,339</u>	<u>1,067,314</u>	<u>-</u>	<u>27,487,434</u>
Depreciation							
At 1 April 2010	378,431	-	26,108	26,265	37,238	211,622	679,664
Provided during year	98,531	-	778	5,253	6,142	31,775	142,478
Transfers	3,328	-	(3,328)	-	-	-	-
At 31 March 2011	<u>480,290</u>	<u>-</u>	<u>23,558</u>	<u>31,518</u>	<u>43,380</u>	<u>243,396</u>	<u>822,142</u>
Net book value							
At 31 March 2011	<u>5,428,175</u>	<u>-</u>	<u>14,602</u>	<u>21,012</u>	<u>142,736</u>	<u>64,779</u>	<u>5,671,305</u>
As at 31 March 2010	<u>1,940,223</u>	<u>1,765,552</u>	<u>36,588</u>	<u>26,265</u>	<u>148,878</u>	<u>96,554</u>	<u>4,014,060</u>

None of the Association's land or buildings was held under a lease. Development costs capitalised was £nil (2010 £nil)

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
9. Debtors		
Amounts falling due within one year:		
Gross rents in arrears	56,983	70,934
Technical rent arrears	118,567	103,564
Less bad debt provision	<u>(44,165)</u>	<u>(44,165)</u>
	131,385	130,333
Trade debtors	9,897	10,122
Other debtors	<u>81,923</u>	<u>-</u>
	<u>223,205</u>	<u>140,455</u>
10. Creditors due within one year		
Loans	206,177	163,527
Trade creditors	81,859	53,987
Other creditors	15,907	5,303
Accruals and deferred income	32,443	32,021
Other Tax & Social Security	-	11,246
Rents in advance	10,064	9,231
Bank overdraft	-	-
HAG Repayable	<u>26,381</u>	<u>-</u>
	<u>372,831</u>	<u>275,315</u>
11. Creditors: Amounts falling due after more than one year		
Loans	<u>4,970,454</u>	<u>3,490,589</u>

Loans are secured by specific charges on the Association's properties. Loans are repayable at current rates of interest ranging from 0.93% to 4.59% (2010 – 0.93% to 4.59%) in instalments due as follows:

In one year or less	206,177	163,527
Between one and two years	206,177	163,527
Between two and five years	603,344	490,581
In five years or more	<u>4,160,933</u>	<u>2,836,481</u>
	<u>5,176,631</u>	<u>3,654,116</u>

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
12. Employees		
Wages and salaries	462,638	439,910
Social security costs	39,394	36,483
Other pension costs	39,020	43,254
	<u>541,052</u>	<u>519,647</u>

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

	No	No
Administration and maintenance	<u>18</u>	<u>16</u>

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

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

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>63,237</u>	<u>61,343</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>54,907</u>	<u>53,196</u>

The Director is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to memberships and he has no other pension arrangements to which the Association contribute. The Association's contributions for the Director in the year amounted to £8,331 (2010 - £8,147).

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2011

13. Pension Fund - General

Calvay Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

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

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

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%

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

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

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

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

The Scheme offers five benefit structures to employers, namely:

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2011

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

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

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

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 £253,375.

Calvay Housing Association Limited continues to offer membership of the Scheme to its employees

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

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

Contribution Rates for Future Service (payable from 1 st April 2011)	% p.a.
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions*	10.4

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

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
14. Auditors' Remuneration		
The remuneration of the auditors (including expenses and VAT for the year)	8,362	7,864
Remuneration of the auditors in respect of services other than those of auditors	-	-
	<u>8,362</u>	<u>7,864</u>
15. Share Capital		
Shares of £1 fully paid and issued at 1 April 2010	88	84
Shares issued during year	-	4
Shares cancelled during year	(12)	-
Shares of £1 fully paid and issued at 1 April 2011	<u>76</u>	<u>88</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.

16. Notes to the Cash Flow Statement	2011	2010
	£	£
Reconciliation of surplus to net cash inflow from operating activities		
Surplus for year	154,191	238,283
Net interest payable	162,132	36,712
Operating surplus for the year excluding interest and tax payable	<u>316,323</u>	<u>274,995</u>
Depreciation	37,916	15,154
Depreciation – housing properties	104,562	59,061
Gain on sale of fixed assets	(33,063)	-
(Increase)/Decrease in debtors	(82,750)	28,838
Increase in creditors	54,866	40,004
	<u>397,854</u>	<u>418,052</u>
Reconciliation of net cash flow to movement in net debt		
Increase in cash for the year	(8,434)	202,623
Loans received	(1,718,514)	(1,925,832)
Loan repayments	76,675	104,029
Change in net debt	<u>(1,650,273)</u>	<u>(1,619,180)</u>
Net debt as at 1 April 2010	(2,032,681)	(413,501)
Net debt as at 31 March 2011	<u>(3,682,954)</u>	<u>(2,032,681)</u>

CALVAY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

YEAR ENDED 31 MARCH 2011

	As at 31 March 2010	Cash Flow	Other Changes	As at 31 March 2011
	£	£	£	£
Cash at bank and in hand	1,621,435	(8,434)	-	1,613,001
Debt due within one year	(163,527)	84,400	(127,050)	(206,177)
Debt due after one year	<u>(3,490,589)</u>	<u>(1,606,915)</u>	<u>127,050</u>	<u>(4,970,454)</u>
	<u>(2,032,681)</u>	<u>(1,530,949)</u>	<u>-</u>	<u>3,563,630</u>

17. Capital Commitments

2011	2010
£	£

Expenditure authorised by the Committee of Management contracted less certified.

<u>-</u>	<u>3,651,069</u>
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The above capital commitments are funded through maximum grant of £1,693,777 with remainder drawn from private finance and secured on properties owned by the Association.

18. Housing Stock

2011	2010
No	No

The number of units in Management at 31 March 2011 was as follows

General needs	520	485
Supported	-	-
Shared Ownership	<u>24</u>	<u>26</u>
	<u>544</u>	<u>511</u>

19. Related Parties

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

20. Post Balance Sheet Events

The Association has, post Balance Sheet date, successfully acquired 384 house from the Glasgow Housing Association (GHA) at an agreed valuation of £2.49m. A subsequent programme of buy backs and demolition will consolidate this 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 ongoing buy backs and demolitions, and redeem earlier loans from the Royal bank of Scotland (£3.53m), Bank of Scotland (£0.251m) and the Scottish Government (£0.184m).