

CALVAY HOUSING ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015

Financial Conduct Authority No. 2194R(S)

Registered Housing Association No. HAC 80

Charity No. SC 039234

FRENCH DUNCAN LLP
Chartered Accountants & Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

CALVAY HOUSING ASSOCIATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015**

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Registration particulars:

Financial Conduct Authority	Co-operative & Community Benefit Societies Act 2014 Registered Number 2149 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HAC 80
Office of Scottish Charity Regulator:	Charities & Trustee Investment (Scotland) Act 2005 Scottish Charity Number: SC039234

CALVAY HOUSING ASSOCIATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015**

Registered Office

16 Calvay Road
Glasgow
G33 4RQ

Auditors

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

Bankers

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

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

CALVAY HOUSING ASSOCIATION

REPORT OF COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2015

The Committee of Management present their report and audited Financial Statements for the year ended 31 March 2015.

Principal activity

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

Business Review

The Committee of Management note that the Association's Balance Sheet as detailed on page 9 shows a satisfactory position. The Committee are pleased to note that there is a substantial balance of cash on hand and large positive net current asset position as shown on the Balance Sheet. Total reserves exceed £5.4m.

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

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

During the coming financial year the Association intends to replace external windows to approximately 100 units across the ex GHA properties at a cost of £300k. £50k has also been set aside for electrical upgrades to void properties. The conversion of the former offices at 55 Calvay Rd into four flats will also take place, partially funded through grant but with a £150K contribution from its own funds. A provision of £225k can also be made for the possible upgrade of 17 properties on Hallhill/Garvel Rd. It is envisaged that these works will only take place if grant assistance from the Scottish Government and Glasgow City Council is available to enable owner occupiers to contribute to their share of the improvement costs.

Surplus for the year and transfers

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

	£
Transfers to/(from) designated reserves:	
- Pensions	286,852
Transferred to revenue reserve	<u>528,407</u>
Surplus for the year	<u>815,259</u>

CALVAY HOUSING ASSOCIATION**REPORT OF COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015 (continued)****Members of Committee of Management**

The members of the Committee of Management of the Association during the year to 31 March 2015 were as follows:

Pauline Barr	Chairperson
Betty Waddell (resigned 18.06.14)	
Janet Martin	
Peter Howden	Secretary
Annie Robertson	
Sandra McIlroy	
Rosemarie Lindsay	
Alison A'Hara	Treasurer
Rebecca Howden	
Wilma Running	
Anna Ellis (elected 16.09.14)	
Mima Bell (elected 16.09.14)	
Tim Craft (elected 16.09.14/resigned 30.04.15)	
Dawn McManus (appointed to fill a casual vacancy 28.05.15)	

Director

Michael Dawson

Fixed Assets

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

Credit Payment Policy

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

Maintenance Policies

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

In addition the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives.

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

Treasury Management

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

Employee Involvement and Health & Safety

CALVAY HOUSING ASSOCIATION

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015 (CONTINUED)

Wider Role

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

Quality and Integrity of Personnel

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

Budgetary Process

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

Rental Income

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

Future developments

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

Information for the auditors

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

Audit

As a result of a tender process, French Duncan LLP were appointed auditors. French Duncan LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management

P Howden



Date: 17 September 2015

CALVAY HOUSING ASSOCIATION

**STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES
FOR THE YEAR ENDED 31ST MARCH 2015**

Under the legislation relating to Co-operative and Community Benefit Societies we are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association of that period. In preparing those financial statements we are required to:

- Select suitable accounting policies and apply them consistently;
- Make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

We are also responsible for:

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

CALVAY HOUSING ASSOCIATION

**COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL
FOR THE YEAR ENDED 31ST MARCH 2015**

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of control 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 with the Association or for publication.
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

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

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- The Committee of Management review reports from the director, staff and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

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 2015 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: 17-9-15

Name: P Howden



CALVAY HOUSING ASSOCIATION

**AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31ST MARCH 2015**

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

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the Publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



French Duncan LLP
Statutory Auditors
133 Finnieston Street
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September 2015

CALVAY HOUSING ASSOCIATION**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31ST MARCH 2015**

We have audited the financial statements of Calvay Housing Association for the year ended 31 March 2015 on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with Section 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

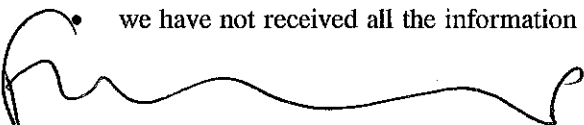
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - April 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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



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

24 September 2015

CALVAY HOUSING ASSOCIATION

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2	2,994,196	2,906,434
Operating Costs	2	(1,969,977)	(1,877,272)
OPERATING SURPLUS		<u>1,024,219</u>	<u>1,029,162</u>
Gain on sale of properties		13,000	8,493
Interest receivable and other income		11,794	21,565
Interest payable	7	(233,754)	(231,726)
TOTAL SURPLUS FOR YEAR BEFORE TAXATION		<u>815,259</u>	<u>827,494</u>
Tax on surplus on ordinary activities	5	-	-
SURPLUS FOR YEAR		<u><u>815,259</u></u>	<u><u>827,494</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 11 to 25 form part of these Financial Statements.

CALVAY HOUSING ASSOCIATION

BALANCE SHEET
AS AT 31ST MARCH 2015

	Notes	2015 £	2014 £
TANGIBLE FIXED ASSETS			
Housing properties – gross cost less depreciation	8	34,635,710	34,794,702
Less Social Housing Grant		(25,490,562)	(25,873,498)
		<u>9,145,148</u>	<u>8,921,204</u>
Other fixed assets	8	807,866	744,421
		<u>9,953,014</u>	<u>9,665,625</u>
CURRENT ASSETS			
Debtors	9	322,926	371,279
Cash at bank and in hand		3,104,531	2,800,679
		<u>3,427,457</u>	<u>3,171,958</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	10	(449,755)	(504,912)
NET CURRENT ASSETS			
		<u>2,977,703</u>	<u>2,667,046</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>12,930,716</u>	<u>12,332,671</u>
Creditors: Amounts falling due after one year	11	(7,470,080)	(7,687,289)
		<u>5,460,636</u>	<u>4,645,382</u>
CAPITAL AND RESERVES			
Called up share capital	15	57	62
Designated reserves	6(a)	974,258	687,406
Revenue reserves	6(b)	4,486,321	3,957,914
		<u>5,460,636</u>	<u>4,645,382</u>

The Financial Statements were approved by the Management Committee on 17 September 2015 and signed on its behalf by:-

P Howden - Secretary

Pet Howden

P Barr - Member

P. Barr.

W Running - Member

W Running

The notes on pages 11 to 25 form part of these Financial Statements.

CALVAY HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2015

	Notes	2015 £	2014 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>1,312,346</u>	<u>1,279,800</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		11,794	21,565
Interest paid		<u>(233,754)</u>	<u>(231,726)</u>
		<u>(221,960)</u>	<u>(210,161)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>1,090,386</u>	<u>1,069,639</u>
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchase of housing		(689,686)	(690,531)
Social Housing Grant received		80,511	-
Social Housing Grant repaid and abated		(7,603)	(23,749)
Proceeds on sale of housing properties		<u>30,021</u>	<u>27,750</u>
		<u>(586,757)</u>	<u>(686,530)</u>
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>503,629</u>	<u>383,109</u>
MANAGEMENT OF LIQUID RESOURCES			
Cash movements in term deposits		-	-
FINANCING			
Repayment of loans		(199,772)	(184,261)
Shares issued		(5)	4
		<u>(199,777)</u>	<u>(184,257)</u>
INCREASE IN CASH	16	<u><u>303,852</u></u>	<u><u>198,852</u></u>

The notes on pages 11 to 25 form part of these Financial Statements.

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2015

1. ACCOUNTING POLICIES

a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (n) below. The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Conduct Authority. The financial statements have been prepared under the historical cost convention, and in compliance with the Determination of Accounting Requirements – April 2012, the Statement of Recommended Practice (SORP), “Accounting by Registered Social Housing Providers, Update 2010” and applicable Accounting Standards.

b) Going Concern

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

c) Finance

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

d) Mortgages

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

e) Housing Association Grants

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

f) Fixed assets

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

The cost of such properties includes the following:

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

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

- (i) Where a component of the housing property has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored;
or

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

1. ACCOUNTING POLICIES (continued)

- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements results in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

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

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

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

g) **Depreciation**(i) **Housing Properties**

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

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

Shared ownership properties are depreciated over 50 years.

(h) **Designated Reserves**

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

(i) **Value Added Tax**

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

(j) **Pensions**

The Association participates in the centralised Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) which is a defined benefit Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

1. ACCOUNTING POLICIES (continued)

(k) **Sale of Housing Properties**

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

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 a fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

(l) **Turnover**

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

(m) **Impairment of Fixed Assets**

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

(n) **Property Development Cost**

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

2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	Operating Costs £	2015 Operating Surplus/ (Deficit) £	2014 Operating Surplus/ (Deficit) £
Social letting	3	<u>2,936,435</u>	<u>1,879,561</u>	<u>1,056,874</u>	<u>1,054,721</u>
Other activities	4	<u>57,761</u>	<u>90,416</u>	<u>(32,655)</u>	<u>(25,559)</u>
Total		<u>2,994,196</u>	<u>1,969,977</u>	<u>1,024,219</u>	<u>1,029,162</u>
Total for previous period of account		<u>2,906,434</u>	<u>1,877,272</u>	<u>1,029,162</u>	

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 20153. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT)
FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2015 £	2014 £
Rent receivable net of service charges	2,747,907	133,253	41,566	2,922,726	2,878,260
Service charges	-	-	-	-	-
Gross income from rents and service charges	2,747,907	133,253	41,566	2,922,726	2,878,260
Less voids	(6,156)	(317)	-	(6,473)	(26,130)
Net income from rents and service charges	2,741,751	132,936	41,566	2,916,253	2,852,130
Other revenue grants	20,182	-	-	20,182	14,189
Total turnover from social letting activities	<u>2,761,933</u>	<u>132,936</u>	<u>41,566</u>	<u>2,936,435</u>	<u>2,866,319</u>
Management and maintenance administration costs	858,122	41,994	-	900,116	825,891
Service costs	152,306	25,422	-	177,728	155,835
Planned and cyclical maintenance including major repairs costs	192,738	1,646	-	194,384	185,905
Reactive maintenance costs	272,122	23,236	-	295,358	327,386
Bad debts – rents and service charges	19,137	511	-	19,648	23,581
Depreciation of social housing	278,289	13,415	623	292,327	293,000
Operating costs for social lettings	<u>1,772,714</u>	<u>106,224</u>	<u>623</u>	<u>1,879,561</u>	<u>1,811,598</u>
Operating surplus for social lettings	<u>989,219</u>	<u>26,712</u>	<u>40,943</u>	<u>1,056,874</u>	<u>1,054,721</u>
Operating surplus for social lettings for previous year	<u>1,002,847</u>	<u>9,443</u>	<u>42,831</u>	<u>1,054,721</u>	

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 20154. 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	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	42,468	42,468	-	61,799	(19,331)	(15,867)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	15,293	15,293	-	11,288	4,005	11,782
Development and construction of property activities	-	-	-	-	-	-	17,329	(17,329)	(21,474)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvement for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities ; Commercial Rent	-	-	-	-	-	-	-	-	-
Sale of Property Allowance	-	-	-	-	-	-	-	-	-
Total from other activities	-	-	-	57,761	57,761	-	90,416	(32,655)	(25,559)
Total from other activities for the previous period of account	-	-	-	40,115	40,115	-	(65,674)	(25,559)	

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

5. TAXATION

The Association was formally recognised as a recognised Scottish charity on 5 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 2014	Transfer from/ (to) revenue	Expenditure in the year	At 31 March 2015
	£	£	£	£
Pension	<u>687,406</u>	<u>286,852</u>	<u>-</u>	<u>974,258</u>

The Association has designated the net present value of the agreed liability to pay contributions towards the past service deficit in the SHAPS pension scheme over the next 12 years. The net present value has been calculated using an inflation rise of 3% and a discount factor of 4%. Under FRS 102, this liability will be recognised in the financial statements from 31 March 2016 year end.

(b) Revenue Reserve

	2015	2014
	£	£
At 1 April	3,957,914	3,070,587
Surplus for year	815,259	827,494
Transfer to Designated Reserves	<u>(286,852)</u>	<u>59,833</u>
Closing balance at 31 March	<u>4,486,321</u>	<u>3,957,814</u>

7. INTEREST PAYABLE

	2015	2014
	£	£
Interest payable in the year has been charged as follows:		
Loans	<u>233,754</u>	<u>231,726</u>

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

8 TANGIBLE FIXED ASSETS

a) Housing properties

	Housing properties held for letting £	Housing properties in course of construction £	Total £
Cost			
At 1st April 2014	36,465,358	-	36,465,358
Additions	-	87,441	87,441
Components replaced	456,095	-	456,095
Components disposed	(368,030)	-	(368,030)
Disposals RTP	(106,589)	-	(106,589)
Transfer from Other FA	-	178,998	178,998
At 31st March 2015	36,446,834	266,439	36,713,273
Social Housing Grant			
At 1st April 2014	25,873,498	-	25,873,498
Additions	-	49,581	49,581
Disposals RTP	(90,884)	-	(90,884)
Disposals Components	(341,633)	-	(341,633)
At 31st March 2015	25,440,981	49,581	25,490,562
Depreciation			
At 1st April 2014	1,670,656	-	1,670,656
Provided during year	292,327	-	292,327
Disposals	(32,993)	-	(32,993)
Transfers	-	147,573	147,573
At 31st March 2015	1,929,990	147,573	2,077,563
Net Book Value			
At 31st March 2015	9,075,863	69,285	9,145,148
At 31st March 2014	8,921,204	-	8,921,204

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

8 TANGIBLE FIXED ASSETS (Continued)

b) Other

	Office premises £	Land £	Commercial premises £	Fittings and equipment £	Total £
Cost					
At 1st April 2014	755,912	15,060	186,116	114,118	1,071,206
Additions	146,150	-	-	-	146,150
Less Grant	(31,239)	-	-	-	(31,239)
Disposals	-	-	-	(114,118)	(114,118)
Transfer to Heritable Property	(178,998)	-	-	-	(178,998)
At 31st March 2015	691,825	15,060	186,116	-	893,001
Depreciation					
At 1st April 2014	147,573	-	65,094	114,118	326,785
Disposals	-	-	-	(114,118)	(114,118)
Charge for year	13,837	-	6,204	-	20,041
Transfer to Heritable Property	(147,573)	-	-	-	(147,573)
At 31st March 2015	13,837	-	71,298	-	85,135
Net Book Values					
At 31st March 2015	677,988	15,060	114,818	-	807,866
At 31st March 2014	608,339	15,060	121,022	-	744,421

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

9. DEBTORS

	2015	2014
	£	£
Amounts falling due within one year:		
Gross rents in arrears	124,714	166,903
Technical Arrears	<u>243,463</u>	<u>226,253</u>
	368,177	393,156
Less: provision for doubtful debts	<u>(108,987)</u>	<u>(108,987)</u>
	259,190	284,169
Trade debtors	3,666	19,665
Other debtors	<u>60,070</u>	<u>67,445</u>
	<u>322,926</u>	<u>371,279</u>

10. CREDITORS DUE WITHIN ONE YEAR

Housing loans	204,452	187,015
Trade creditors	80,654	100,426
Rent in advance	25,044	33,889
Other taxes and social security	13,360	12,427
Other creditors	38,450	154,556
Accruals and deferred income	<u>87,795</u>	<u>16,599</u>
	<u>449,755</u>	<u>504,912</u>

11. CREDITORS - AMOUNTS FALLING DUE
AFTER ONE YEAR

Loans	<u>7,470,080</u>	<u>7,687,289</u>
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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% (2014 - 0.93% to 9.2%) in instalments due as follows:

In one year or less	204,452	187,015
Between one and two years	209,250	201,869
Between two and five years	621,993	628,939
In five years or more	<u>6,638,837</u>	<u>6,856,481</u>
	<u>7,674,532</u>	<u>7,874,304</u>

CALVAY HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015**

12. EMPLOYEES

	2015	2014
	£	£
Wages and Salaries	532,010	493,547
Social Security	47,817	42,216
Pension Contributions	102,055	57,120
	<u>681,882</u>	<u>592,883</u>

The average full time equivalent weekly number of persons employed during the year were as follows:

	Number	Number
Administration and Maintenance	<u>17</u>	<u>17</u>

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

During the current year, there was one director with emoluments, excluding pension contributions, over £60,000.

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>69,302</u>	<u>66,125</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>61,739</u>	<u>60,355</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 amounts to £7,563 (2014 - £5,770).

Total expenses reimbursed insofar as not chargeable to UK Income Tax	<u>£383</u>	<u>£nil</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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2015

13. PENSION OBLIGATIONS

Calvay Housing Association Limited participates in the SHAPS Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension Scheme.

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

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

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The estimated liability of each employer's potential debt on withdrawal from the scheme has been calculated at 30 September 2014. The amount of employer debt on withdrawal for Calvay Housing Association Limited has been calculated as £2,220,375. The Scheme is a multi-employer defined benefit scheme and is funded and contracted-out of the State Pension Scheme.

The Scheme offers five benefit structures to employers, namely:

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

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Calvay Housing Association Limited has elected to operate the final salary with a 1/60th 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 12.3% of pensionable salaries. Member contributions were 12.3%.

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 £256,695.

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

CALVAY HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015**

13. PENSION OBLIGATIONS (Continued)

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

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – Non pensioners	3.4
Investment return post retirement – Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
Pension accrued pre 6 April 2015 in excess of GMP	2.0
Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

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

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

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

CALVAY HOUSING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015**

14. AUDITORS' REMUNERATION	2015	2014
	£	£
The remuneration of the auditors (including expenses)	8,000	8,000
Remuneration of entities other than French Duncan LLP	-	400
	<u>8,000</u>	<u>8,400</u>

15. SHARE CAPITAL	2015	2014
	£	£
Shares of £1 fully paid and issued at 1 April 2014	62	68
Shares issued during year	4	4
	<u>66</u>	<u>72</u>
Shares of £1 fully paid and issued at 31 st March	66	72
Shares cancelled or forfeited during year	(9)	(10)
	<u>57</u>	<u>62</u>
Active members at 31 March 2015	57	62

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

	2015	2014
	£	£
Reconciliation of surplus to net cash inflow from operating activities		
Surplus for year	815,259	827,494
Net interest payable	221,960	210,161
	<u>1,037,219</u>	<u>1,037,655</u>
Operating surplus for the year excluding interest and tax payable	1,037,219	1,037,655
Depreciation – other assets	20,041	12,368
Depreciation – housing properties	292,327	293,000
Gain on sale of fixed assets	(13,000)	(8,493)
Decrease/(Increase) in debtors	48,353	14,557
(Decrease)/Increase in creditors	(72,594)	(69,287)
	<u>1,312,346</u>	<u>1,279,800</u>

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2015

16. NOTES TO THE CASH FLOW STATEMENT (Continued)

	2015 £	2014 £
Reconciliation of surplus to net cash inflow from operating activities		
Increase in cash for the year	303,852	198,852
Loans received	-	-
Loan repayments	199,772	192,360
Change in net debt	<u>503,624</u>	<u>391,212</u>
Net debt as at 1 April	<u>(5,073,625)</u>	<u>(5,464,837)</u>
Net debt as at 31 March	<u>(4,570,001)</u>	<u>(5,073,625)</u>

Analysis of changes in net debt

	As at 31 March 2014 £	Cash Flow £	Other Changes £	As at 31 March 2015 £
Cash at bank and in hand	2,800,679	303,852	-	3,104,531
Debt due within 1 year	(187,015)	187,015	(204,452)	(204,452)
Debt due after one year	(7,687,289)	12,757	204,452	(7,470,080)
	<u>(5,073,625)</u>	<u>503,624</u>	<u>-</u>	<u>(4,570,001)</u>

17. CAPITAL COMMITMENTS

	2015 £	2014 £
Expenditure authorised by the Committee of Management contracted less certified and in respect of conversion at 55 Calvay Road	<u>300,000</u>	<u>200,000</u>

18. CONTINGENT LIABILITIES

Housing Association Grant allocated to components (as detailed in Note 1(d)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £1,182,143 (2014: £840,510).

CALVAY HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2015

19. HOUSING STOCK

	2015	2014
	No	No
The number of units in management at 31 March 2015 was as follows:		
General needs (excluding 2 wardens offices)	797	797
Supported	30	30
Shared Ownership	21	22
Other	1	1
	<u>849</u>	<u>850</u>

20. RELATED PARTIES

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

21. RECONCILIATION OF FUNDS

	2015	2014
	£	£
At 1 April	4,645,382	3,817,894
Surplus for year	815,259	827,494
New shares issued	4	4
Shares cancelled or forfeited	(9)	(10)
At 31 March	<u>5,460,636</u>	<u>4,645,382</u>