

Clanmil Housing Association Limited
Annual Statement of Accounts
for the year ended 31 March 2005

Clanmil Housing Association Limited

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Board of Management and advisers

Board of Management

G Rice BSc MBIC Sc (Chair)
G Johnston MA (Oxon) (Vice Chair)
J Baird MSc FCIH (co-opted)
J Browne BA DipM MCIM
G Cunningham IAM
J Ebbage LL.B (Hons) CPLS
CT Hogg MBE UD JP DL
S Kirkwood OBE TD MICE
WRM Knox OBE TD UD FCIOB
W Linton (co-opted)
C Ramsey BSc (Hons) Dip TP Dip BA MRTPI (co-opted)
D Rankin RD BSc (Econ) MSSc FCII
M Riordan OBE BSc (Hons)
M Shiells JP

Chief Executive and Secretary

CI McCarty BA MCIH ARICS

Registered office

Northern Whig House
3 Waring Street
Belfast
BT1 2DX

Registered under the Industrial and Provident Societies Act (Northern Ireland) 1969, No. IP 136

Solicitors

Harrisons
15-17 Chichester Street
Belfast
BT1 4JB

Bankers

Northern Bank Limited
1/9 Victoria Street
Belfast
BT1 3GA

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Report of the Board of Management for the year ended 31 March 2005

The Board of Management present their report and the audited financial statements for the year ended 31 March 2005.

Principal activities

The Association was established in 1974 and is a voluntary non-profit making organisation registered with the Department for Social Development.

Operating throughout Northern Ireland providing both mainstream and specialised housing for people in need, the Association has developed an expertise in the provision of supported accommodation for older and less able bodied people and has three residential homes which are directly managed.

The Association aims to be a primary provider of high quality homes at the lowest possible economic rent for everyone in housing need.

Review of business and future developments

The Association continues to strengthen its financial position having achieved continued growth in turnover and asset base thus ensuring its ability to fulfil its strategic objectives.

The construction of 14 units of accommodation was completed during the year bringing the total stock under management at 31 March 2005 to 1,514 units. A further 7 projects are on site at 31 March 2005 comprising 191 units of accommodation.

Results

The surplus for the year amounted to £959,452, of this amount £754,492 has been transferred to designated reserves. The balance of £204,960 is added to the revenue reserve which amounted to £4,849,155 at the year end.

Acknowledgements

The Board of Management gratefully acknowledges the donation during the year of £500 from the Ardbarron Trust.

Changes in fixed assets

Details of the movements in housing properties and other tangible fixed assets are shown in Notes 9 and 10.

Board of Management and Executive Officers

The members of the Board of Management and the executive officers of the Association are listed on page 1.

Each member of the Board of Management other than members co-opted during the year holds one fully paid share of £1 in the Association.

In accordance with the rules of Association, Ms Rice, Mr Hogg and Mr Rankin are due to retire by rotation and are eligible for re-appointment.

Corporate Governance

In the opinion of the Board of Management, the Association is in compliance with the Combined Code on Corporate Governance issued by the Hampel Committee and supplemented by the Turnbull Committee in September 1999.

The Association has also adopted the National Housing Federation Code of Governance, the principles of which are reflected in the Association's Core Values.

The Board of Management has established an Audit Committee with clearly defined terms of reference. The main functions of the Audit Committee are to control and review the external and internal audit functions, the internal control systems and accounting policies of the Association and the value for money achievement by the Association.

Internal financial controls

1. The Board acknowledges that theirs is the ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the various business environments in which it operates. These controls are designed to give reasonable reassurance about:
 - a) the reliability of any financial information that is published, or is used within the Association,
 - b) the maintenance of proper accounting records, and
 - c) the protection of the Association's assets against their unauthorised use or disposition.
2. It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable (and not absolute) assurance against material financial misstatement or loss. The key elements of these systems include ensuring that:
 - a) there are formal policies and procedures (including the documentation of key systems and rules relating to the delegation of authorities) which allow the monitoring of controls and which seek to prevent the unauthorised use of the Association's assets,
 - b) experienced staff, suitably qualified, are responsible for important business functions, and annual appraisal procedures have been set up to maintain high standards of performance,
 - c)
 1. forecasts and budgets are prepared so that the Board and management can monitor both the key business risks and financial objectives and also the progress towards financial plans set for the year and the medium term;
 2. regular management accounts are prepared which provide relevant, reliable and up to date financial information, and
 3. significant variances from budgets are investigated as appropriate,
 - d) all significant initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant committees which are controlled by Board members,
 - e) the Board reviews reports (from management, from the internal auditors and from the external auditors) in order to provide reasonable assurance that the control procedures are in place and are being followed. This includes a general review of the major risks facing the Association,
 - f) formal procedures have been established for instituting action needed to correct weaknesses identified in the above reports.

3. The Board has reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2005 and until 10 June 2005. No weaknesses were found in internal financial controls which resulted in any material losses, contingencies or uncertainties which would require disclosure, in these financial statements, or in the auditors' report on them.
4. The Board is satisfied that the Association has complied with the Department for Social Development's Code of Audit Practice.

Statement of the responsibilities of the members of the Board of Management

The Industrial and Provident Societies Acts and registered housing association legislation require the members of the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of the Association's affairs and of its surplus or deficit for that period. In preparing these financial statements the Board is required to:

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

The members of the Board of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act (Northern Ireland) 1969 and 1976 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. They have general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

CI McCarty
Secretary
10 June 2005

Auditors' report to the members of Clanmil Housing Association Limited

We have audited the financial statements which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of the Board of Management and Auditors

The Board of Management is responsible for preparing the annual report and the financial statements, in accordance with applicable Northern Ireland law and United Kingdom accounting standards, set out in the statement of responsibilities of the members of the Board of Management.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the association's members as a body in accordance with the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993. We also report to you if, in our opinion, the report of the Board of Management is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, if a satisfactory system of control over books of account and transactions has not been maintained or if information required by law, such as details of Board of Management members' transactions with the Association is not disclosed.

We read the other information issued with the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 3 to 4 reflects the Association's compliance with the Department for Social Development's Code of Audit Practice ("the Code") and we report whether the Board of Management has provided the disclosures required by the Code and whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's system of internal financial control.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the financial statements, and of whether the financial accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Auditors' report to the members of Clanmil Housing Association Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Association's affairs at 31 March 2005 and of its surplus and cash flows for the year then ended.

The Association has maintained proper books of account and maintained a satisfactory system of control over its transactions and the financial statements are in accordance with the books and have been properly prepared in accordance with the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

With respect to the Board of Management's statement on internal financial controls on pages 3 to 4, in our opinion the Board of Management has provided the disclosure required by the Code, and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

Date:

Income and expenditure account for the year ended 31 March 2005

	Notes	2005 £	2004 £
Turnover	2	6,167,259	5,667,411
Operating costs	3	(4,667,085)	(4,471,633)
Operating surplus	4	1,500,174	1,195,778
Surplus arising from sales of housing property		31,953	34,759
Transfer to disposal proceeds fund	14	(31,953)	(34,759)
Interest receivable and similar income	7	38,910	89,160
Interest payable and similar charges	8	(579,632)	(617,509)
Surplus on ordinary activities		959,452	667,429
Less: transfer to designated reserves			
- major repairs	19	(676,105)	(157,623)
- cyclical maintenance	19	(78,107)	(141,750)
- bequests	19	(280)	(374)
Retained surplus for the year		204,960	367,682
Retained surplus brought forward		4,644,195	4,276,513
Retained surplus carried forward		4,849,155	4,644,195

All amounts above relate to continuing operations of the Association.

The Association has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the surplus on ordinary activities and its historical cost equivalents.

Balance sheet as at 31 March 2005

	Notes	2005 £	2004 £
Fixed assets			
Housing properties – depreciated cost	9	90,367,879	75,949,350
Less: Housing Association Grant and other grants	9	(71,915,311)	(59,417,764)
		18,452,568	16,531,586
Other tangible fixed assets	10	2,061,584	2,096,472
Investments	11	2	2
		20,514,154	18,628,060
Current assets			
Debtors	12	5,639,148	4,719,537
Cash at bank and in hand		944,354	147,500
		6,583,502	4,867,037
Creditors: amounts falling due within one year	13	(10,005,072)	(7,101,286)
Net current liabilities		(3,421,570)	(2,234,249)
Total assets less current liabilities		17,092,584	16,393,811
Creditors: amounts falling due after more than one year			
	14	6,422,429	6,686,185
Provisions for liabilities and charges	16	282,100	279,025
		6,704,529	6,965,210
Capital and reserves			
Called up share capital	17	20	18
Capital reserve	18	5	5
Designated reserves	19	5,538,875	4,784,383
Revenue reserve		4,849,155	4,644,195
Total funds	22	10,388,055	9,428,601
		17,092,584	16,393,811

The financial statements on pages 7 to 25 were approved by the Board of Management on 10 June 2005 and were signed on its behalf by:

G Rice
Chair

CI McCarty
Chief Executive

Cash flow statement for the year ended 31 March 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	23	2,198,978	1,334,489
Returns on investments and servicing of finance			
Interest received		46,140	87,535
Interest paid		(656,154)	(563,659)
		(610,014)	(476,124)
Capital expenditure			
Purchase and development of housing properties		(14,157,342)	(10,389,500)
Housing Association Grant and other grants		14,132,326	5,955,835
Voluntary Purchase Grant		19,410	-
Purchase of other tangible assets		(91,559)	(50,682)
Receipts from disposal of housing property		46,808	33,954
		(50,357)	(4,450,393)
Financing			
Loan advance		7,625,000	500,000
Loan principal repayments		(8,366,755)	(281,626)
Allotment of shares		2	1
		(741,753)	218,375
Increase/(decrease) in cash in the year	24 – 25	796,854	(3,373,653)

Notes to the financial statements for the year ended 31 March 2005

1 Accounting policies

These financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards and statement of recommended practice. The presentation of the accounts complies with the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

Tangible fixed assets

Housing properties

Housing properties which include land are stated at cost including appropriate on costs.

Other fixed assets

Other fixed assets are stated at cost.

Housing Association Grant and other grants

Housing Association Grant and other grants received as a contribution towards the capital costs of housing properties are set against the capital cost of these properties. Housing Association Grant received against revenue expenditure is credited to revenue in the period in which the related expenditure is charged.

Such grants, although treated as a grant for accounting purposes, may be repayable under certain circumstances, primarily following the sale of housing property, but any amount repayable would be restricted to the net proceeds of the sale.

Depreciation

Housing properties

The Association's policy is to depreciate the cost over the remaining useful economic lives of the properties in accordance with the Statement of Recommended Practice for Accounting by Registered Social Landlords. The useful economic lives have been estimated at follows:

Sheltered housing - 70 years
Non-sheltered housing - 90 years

Other fixed assets

Depreciation of other fixed assets is charged on a straight-line basis over the estimated useful economic lives of the assets at the following annual rates:

Freehold buildings - 2% on cost
Office furniture and fittings - 10% to 20% on cost
Motor vehicles - 25% on cost
Fixed assets related to property - 10% on cost

Scheme furniture and equipment

Included in the service charge to tenants is their contribution towards the cost of renewing scheme furniture and equipment. The Association holds these contributions from tenants in a provision for furniture and equipment replacement against which renewals are charged. The contribution amounts are determined by reference to the current estimated cost of renewing these assets and their estimated useful lives.

1 Accounting policies (continued)

Disposal proceeds fund

The net surpluses, after loan repayments, that arise from the sale of property to tenants under the voluntary purchase grant arrangements instituted by the Department for Social Development can be used by the Association to fund works on property that would not be eligible for housing association grant or in certain circumstances, attract loan finance.

If the surpluses are not used within three years of their receipt they may be payable in part or in full to the Department for Social Development.

Transfer to designated reserves

Cyclical maintenance

The Association's obligations in respect of cyclical maintenance are reflected by way of amounts appropriated from revenue to designated reserves, such appropriation being based on maintenance allowances specified by the Department for Social Development. Cyclical maintenance expenditure is charged to revenue and amounts equivalent to this expenditure released from designated reserve to revenue reserve.

Major repairs

The amount appropriated to designated reserves in respect of major repairs is calculated in accordance with the Rent Surplus Fund (Northern Ireland) Determination 1992 in respect of traditionally funded schemes. An appropriation is also made in respect of mixed funded and Housing with Care schemes on the basis of planned maintenance. Expenditure when incurred is deducted from the accumulated designated reserve balance.

Pensions

The Association participates in a defined benefit pension scheme for a number of employees. Contributions to this scheme are charged to income and expenditure when they fall due as referred to in note 28.

2 Analysis of turnover and results

Turnover and results relate to the Association's main activity which is carried out in the United Kingdom. Turnover represents rental and service charge income and residential charges for Housing with Care, net of voids. It also includes income arising on the lease of a property to a related company, services provided to other Housing Associations and Special Needs Management Allowance (interim protection) received for the provision of housing with care.

3 Operating costs

	2005	2004
	£	£
Direct costs	3,482,979	3,054,885
Impairment	-	243,196
Administrative expenses	1,202,997	1,190,401
Other operating income	(18,891)	(16,849)
	4,667,085	4,471,633

4 Operating surplus

	2005	2004
	£	£
This is stated after charging/(crediting)		
Depreciation	313,244	292,181
Release of capital grant	(777)	(777)
Auditors' remuneration		
– audit services	6,298	5,581
– non-audit services	5,288	17,388

5 Employee information

	2005	2004
	£	£
Staff costs		
Wages and salaries	1,747,821	1,645,284
Social security costs	131,321	119,743
Other pension costs	46,271	38,210
	1,925,413	1,803,237

	Number	Number
Average monthly number of persons employed by the Association during the year by activity		
Administration	42	42
Scheme co-ordinators and ancillary staff	65	64
Special needs	53	51
	160	157

6 Directors' emoluments

The remuneration of directors (defined as the Board of Management and the Chief Executive) of the Association during the year was:

	2005	2004
	£	£
Aggregate emoluments	59,982	56,882
Pension contributions to money purchase schemes	3,780	3,600
	63,762	60,482

Members of the Board of Management serve in a voluntary capacity and none were in receipt of emoluments during the year.

7 Interest receivable and similar income

	2005	2004
	£	£
Interest receivable	38,910	89,160

8 Interest payable and similar charges

	2005	2004
	£	£
Housing property loans	464,023	411,147
Other loans	107,479	109,674
Interest payable to DSD re HAG received in advance	5,540	94,607
Bank interest and charges	2,590	2,081
	579,632	617,509

9 Tangible fixed assets – housing properties

	2005	2004
	£	£
Cost		
At 1 April 2004	76,558,972	66,414,532
Additions	14,647,928	11,259,169
Disposals	(49,160)	(36,430)
Impairment	-	(1,078,299)
At 31 March 2005	91,157,740	76,558,972
Housing Association Grant and other grants		
At 1 April 2004	59,417,764	50,975,646
Additions	12,525,171	9,281,970
Disposals	(27,624)	(23,321)
Impairment	-	(816,531)
At 31 March 2005	71,915,311	59,417,764
Depreciation		
At 1 April 2004	609,622	449,257
Charge for the year	181,080	179,282
Disposals	(841)	(345)
Impairment	-	(18,572)
	789,861	609,622
Net book value comprises		
- Freehold property	12,520,026	12,125,662
- Long leasehold property	5,932,542	4,405,924
	18,452,568	16,531,586
Net book value comprises:		
- Completed schemes	16,781,992	16,191,708
- Properties under construction	1,670,576	339,878
	18,452,568	16,531,586

10 Other tangible fixed assets

	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2004	2,102,220	499,952	7,600	42,731	2,652,503
Additions	-	97,276	-	-	97,276
Disposals	-	(21,497)	-	-	(21,497)
At 31 March 2005	2,102,220	575,731	7,600	42,731	2,728,282
Depreciation					
At 1 April 2004	254,557	276,707	7,600	17,167	556,031
Charge for year	53,256	68,906	-	10,002	132,164
Disposals	-	(21,497)	-	-	(21,497)
At 31 March 2005	307,813	324,116	7,600	27,169	666,698
Net book value					
At 31 March 2005	1,794,407	251,615	-	15,562	2,061,584
At 31 March 2004	1,847,663	223,245	-	25,564	2,096,472

11 Investments

	2005 Subsidiary Undertaking £	2004 Subsidiary undertaking £
Cost	2	2

The investment represents the Association's holding in wholly owned subsidiary companies, Clanmil Properties Limited and Milbreen Limited.

The Board of Management has not produced consolidated accounts on the grounds of materiality.

12 Debtors

	2005 £	2004 £
Rental debtors	72,998	67,259
Housing Association Grant	5,065,106	4,194,153
Amounts owed by subsidiary undertaking	25,231	40,458
Amounts owed by related undertaking	11,211	54,731
Other debtors	324,881	214,088
Prepayments and accrued income	139,721	148,848
	5,639,148	4,719,537

13 Creditors: amounts falling due within one year

	2005	2004
	£	£
Bank loans (Note 15)	301,048	751,003
DSD loans (Note 15)	39,207	35,298
Housing Association grant in advance	6,895,283	4,150,535
Deferred historic building grant	34,323	35,100
Other creditors including tax and social security	442,208	317,962
Services equalisation account	179,350	75,158
Accruals and deferred income	2,113,653	1,736,230
	10,005,072	7,101,286

14 Creditors: amounts falling due after more than one year

	2005	2004
	£	£
Bank loans (Note 15)	5,119,153	5,375,654
DSD loans (Note 15)	1,236,564	1,275,772
Disposal proceeds fund	66,712	34,759
	6,422,429	6,686,185

The surplus on the disposal proceeds fund must be used within three years of the sale of the property.

15 Loans

	2005	2004
	£	£
Bank loans - Housing property and other loans		
Less than one year, or on demand (Note 13)	301,048	751,003
Between one and two years	265,152	256,502
Between two and five years	1,586,593	1,590,222
After more than five years	3,267,408	3,528,930
	5,420,201	6,126,657

Security

The Northern Bank holds a mortgage over Northern Whig House as security for its variable rate bank loan and a fixed rate bank loan which bears interest at a fixed rate of 7.53%.

15 Loans (continued)

The Bank of Ireland and First Trust loans are secured by way of mortgages upon the deeds of the related housing properties. The Bank of Ireland loan bears interest at a variable rate and the First Trust loan bears interest at a fixed rate of 6.43%.

	2005	2004
	£	£
Department for Social Development – Housing Property Loans		
Less than one year (Note 13)	39,207	35,298
Between one and two years	43,560	39,207
Between two and five years	162,072	145,787
After more than five years	1,030,932	1,090,778
	1,275,771	1,311,070

Security

The loans from the Department for Social Development bear interest at rates ranging between 8.50% and 15.375%.

16 Provisions for liabilities and charges

	Provision for remedial work £	Provision for scheme furniture replacement £	Total £
At 1 April 2004	101,218	177,807	279,025
Charged to income and expenditure account	-	12,302	12,302
Expenditure during the year	-	(9,227)	(9,227)
At 31 March 2005	101,218	180,882	282,100

17 Called up share capital

	2005	2003
	£	£
Ordinary shares of £1 each, fully paid		
At 1 April 2004	18	17
Allotted during the year	2	1
At 31 March 2005	20	18

18 Capital reserve

	2005	2004
	£	£
At 31 March 2004 and 31 March 2005	5	5

19 Designated reserves

	Major repairs £	Cyclical repairs £	Bequests £	Total £
At 1 April 2004	3,382,334	1,387,566	14,483	4,784,383
Appropriations from revenue reserve:				
- transfer from rent surplus fund	332,442	-	-	332,442
- provided	494,547	350,408	-	844,955
- expenditure on repairs	(150,884)	(272,301)	-	(423,185)
- interest and other income received	-	-	280	280
At 31 March 2005	4,058,439	1,465,673	14,763	5,538,875

20 Rent surplus fund

	2005 £	2004 £
Net relevant income	415,552	443,788
Appropriation to major repairs reserve	(332,442)	(355,031)
Retained in revenue reserve	(83,110)	(88,757)
	-	-

21 Turnover, operating surplus and surplus for the year

	Turnover £	Operating costs £	Operating surplus £	Interest Receivable £	Interest payable £	2005 Surplus for the year £	Turnover £	Operating surplus £	2004 Surplus for the year £
Income and expenditure from lettings									
Housing accommodation	5,015,756	(3,519,634)	1,496,122	-	(469,563)	1,026,559	4,500,645	1,161,135	655,381
Special needs accommodation	966,909	(962,857)	4,052	-	-	4,052	964,840	34,643	34,643
	5,982,665	(4,482,491)	1,500,174	-	(469,563)	1,030,611	5,465,485	1,195,778	690,024
Other income and expenditure	184,594	(184,594)	-	-	-	-	201,926	-	-
Total	6,167,259	(4,667,085)	1,500,174	-	(469,563)	1,030,611	5,667,411	1,195,778	690,024
Interest receivable	-	-	-	38,910	-	38,910	-	-	89,160
Interest payable	-	-	-	-	(110,069)	(110,069)	-	-	(111,755)
	6,167,259	(4,667,085)	1,500,174	38,910	(579,632)	959,452	5,667,411	1,195,778	667,429
Surplus arising from sales of housing property	31,953	-	-	-	-	31,953	-	-	34,759
Transfer to disposal proceeds fund	(31,953)	-	-	-	-	(31,953)	-	-	(34,759)
	6,167,259	(4,667,085)	1,500,174	38,910	(579,632)	959,452	5,667,411	1,195,778	667,429

22 Reconciliation of movements in funds

	2005	2004
	£	£
Surplus on ordinary activities	959,452	667,429
New share capital issued	2	1
Net movement during year	959,454	667,430
Opening funds	9,428,601	8,761,171
Closing funds	10,388,055	9,428,601

23 Net cash inflow from operating activities

	2005	2004
	£	£
Operating surplus	1,500,174	1,195,778
Movement in service charges equalisation account	104,192	35,997
Depreciation charge	313,244	292,181
Release of capital grant	(777)	(777)
Impairment	-	243,196
Increase in provisions for liabilities and charges	3,075	6,179
Decrease/(increase)in debtors	197,181	(185,520)
Increase/(decrease) in creditors	81,889	(252,545)
Net cash inflow from operating activities	2,198,978	1,334,489

24 Analysis of net debt

	1 April 2004 £	Cash flow £	Non-cash changes £	31 March 2005 £
Cash at bank and in hand	147,500	796,854	-	944,354
Debt due after one year	(6,651,426)	(44,546)	340,255	(6,355,717)
Debt due within one year	(786,301)	786,301	(340,255)	(340,255)
	(7,290,227)	1,538,609	-	(5,751,618)

25 Reconciliation of net cash flow to movement in net debt

	2005	2004
	£	£
Increase/(decrease) in cash in financial year	796,854	(3,373,653)
Repayment of loans	8,366,755	281,625
New loans	(7,625,000)	(500,000)
Movement in net funds in the year	1,538,609	(3,592,028)
Net debt at 1 April 2004	(7,290,227)	(3,698,199)
Net debt at 31 March 2005	(5,751,618)	(7,290,227)

26 Particulars of lettings

	2005 £	2004 £
Rent and service charges	5,959,557	5,620,776
Less: rent losses from bad debts and voids	(111,116)	(286,241)
	5,848,441	5,334,535
Grants from government departments and other agencies:		
- Special needs management allowance (interim protection)	134,224	130,950
	5,982,665	5,465,485

Losses from voids for the year ended 31 March 2004 included £59,299 in relation to a scheme which was pending demolition.

27 Service income, Department for Social Development allowances, and operating costs

	2005				2004			
	Service income £	DSD allowances £	Operating costs £	Deficit for The year £	Service income £	DSD allowances £	Operating costs £	Deficit for the year £
Housing accommodation 1,434 units (2004 – 1,442 units)								
Services	1,466,997	-	(1,368,961)	98,036	1,284,105	-	(1,297,798)	(13,693)
Management	-	495,558	(628,154)	(132,596)	-	472,134	(566,837)	(94,703)
Maintenance	-	781,582	(745,220)	36,362	-	708,346	(594,541)	113,805
Special needs accommodation 80 units (2004 – 80 units)								
Services	183,697	-	(832,832)	(649,135)	206,005	-	(760,868)	(554,863)
Management	-	147,367	(241,562)	(94,195)	-	154,510	(233,851)	(79,341)
Maintenance	-	36,276	(68,130)	(31,854)	-	33,359	(48,827)	(15,468)
	1,650,694	1,460,783	(3,884,859)	(773,382)	1,490,110	1,368,349	(3,502,722)	(644,263)
Rent surplus fund			(83,110)				(88,757)	
Major repairs provisions			(676,105)				(157,623)	
			(4,644,074)				(3,749,102)	
Housing accommodation			(3,466,377)				(2,692,150)	
Special needs accommodation			(1,177,697)				(1,056,952)	
			(4,644,074)				(3,749,102)	

28 Pension commitments

A number of employees of the Association are members of the Social Housing Pension Scheme (SHPS), which is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state second pension. Contributions during the year, amounting to £41,887 (2004 - £43,023), are charged to income and expenditure when they fall due, in accordance with SSAP 24 and FRS 17. The last formal valuation of the Scheme was performed at 30 September 2002 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the last valuation date was £650 million.

The Association paid contributions at the rate of 11.7% during the accounting period. Member contributions vary between 3.1% and 6.1% depending on their age.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Financial assumptions

The financial assumptions underlying the valuation were as follows:

	%
	p.a.
Rate of return on future contributions	6.6
Rate of return on accumulated assets	7.2
Rate of salary increases	4.5
Rate of pension increases	2.5
Rate of price inflation	2.5

The accumulated assets of the Scheme were assumed to earn the same return as if they had been invested in a portfolio comprising 100% UK equities for non-pensioner liabilities and 25% UK equities/75% gilts for pensioner liabilities.

The valuation revealed a shortfall of assets compared with the value of liabilities of some £117 million (equivalent to a past service funding level of 85%).

The long-term joint contribution rate required from employers and members to meet the cost of future benefit accrual was assessed as 15.0% of pensionable salaries.

Following consideration of the results of the actuarial valuation it has been agreed that, with effect from 1 April 2004 the standard employer contribution rate would be increased from 10.6% to 11.7% of pensionable salaries. Member contributions would also be increased by 1.1% from 2.0% - 5.0% to 3.1%-6.1% of pensionable salaries depending on age. Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). This rate was increased from 15.0% to 17.3% of pensionable salaries with effect from 1 April 2004.

Employers that have closed the Scheme to new members are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS scheme.

New employers that joined the Scheme after 30 September 2002 without any past service liability will pay an employer contribution rate of 9.4% of pensionable salaries. This rate will apply until 1 April 2007, after which it will change to the standard employer contribution rate per the actuarial valuation due to take place as at 30 September 2005.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 March 2017.

The next valuation will be as at 30 September 2005.

In addition, the Association makes contributions to the personal pension schemes of certain employees.

Contingent liabilities

Clanmil Housing Association Limited has provided a letter of comfort to First Trust Bank whereby it agrees to ensure that Clanmil Housing Association (Ireland) Limited is in a position to discharge its liabilities to the bank and comply with its obligations under the bank's facility agreement. Clanmil Housing Association Limited shall not be rendered liable to First Trust Bank as guarantor, indemnitor or on any matter whatsoever in relation to any obligations or liabilities that Clanmil Housing Association (Ireland) Limited may have with First Trust Bank.

29 Capital commitments – Housing Properties

	2005	2004
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	12,487,418	13,097,657

The Association anticipates that this expenditure will be funded by Housing Association Grant from the Department for Social Development and by private finance, both external and internal.

30 Financial commitments

At 31 March 2005 the company had an annual commitment under a non-cancellable operating lease expiring as follows:

	Property 2005	Property 2004
	£	£
After five years	114,856	114,856

31 Related party disclosures

Details of the Association's subsidiaries are disclosed in Note 11. In addition to the subsidiaries, Clanmil Housing Association Ireland Limited is deemed to be a related undertaking by virtue of the fact that Clanmil Housing Association Limited has controlling voting rights over Clanmil Housing Association Ireland Limited. The balances with the subsidiaries and related undertakings at the year end were as follows:

	2005	2004
	£	£
Amounts owed by subsidiary undertaking		
Clanmil Properties Limited	24,600	40,458
Amounts owed by related undertaking		
Clanmil Housing Association Ireland Limited	11,211	54,731

32 Related party disclosures (continued)

Transactions between these related parties during the year were as follows:

	2005	2004
	£	£
Clanmil Properties Limited		
Rent charge from Clanmil Housing Association Limited to Clanmil Properties Limited	112,625	112,625
Management and administration charge from Clanmil Housing Association Limited to Clanmil Properties Limited	2,750	2,750
Contribution from Clanmil Properties Limited to Clanmil Housing Association Limited in respect of the insurance of Northern Whig House	2,245	1,467
Gift aid donation from Clanmil Properties Limited to Clanmil Housing Association Limited	22,631	23,921
Rent and service charges from Clanmil Properties Limited to Clanmil Housing Association Limited	101,500	101,500
Clanmil Housing Association Ireland Limited		
Management and administration charge from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	11,211	5,966
Unsecured loan advanced by/(repaid to) Clanmil Housing Association Limited to/(by) Clanmil Housing Association Ireland Limited	(36,873)	2,447
Loan interest charged by Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	1,259	1,347