Clanmil Housing Association Limited

Annual Statement of Accounts

for the year ended 31 March 2006

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Clanmil Housing Association Limited

Board of Management and advisers

Board of Management

G Rice BSc MBIC Sc (Chair)
G Johnston MA (Oxon) (Vice Chair)
J Baird MSc FCIH (appointed 14 October 2005)
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)
M O'Boyle CQSW ASW (co-opted 12 November 2005)
J O'Brien (co-opted 28 January 2006)
C Ramsey BSc (Hons) Dip TP Dip BA MRTPI (co-opted)
D Rankin MBE RD* BSc (Econ) MSSc FCII
M Riordan OBE BSc (Hons)
M Shiells JP

Chief Executive and Secretary

CI McCarty BA MCIH MRICS

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 2006

The Board of Management present their report and the audited financial statements for the year ended 31 March 2006.

Principal activities

The Association is one of the leading providers of affordable housing in Northern Ireland, providing both mainstream and specialised housing for people in need.

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

This mission is achieved through:

- Providing high quality services which meet the requirements of our customers,
- Sustaining the highest levels of Governance and Accountability in all areas of operation,
- Progressing appropriate business opportunities to continue growth,
- Using all resources available as efficiently and effectively as possible;
- Acting responsibly with regard to the environment in all aspects of operations.

For our core business areas we have set a number of key performance indicators – these include rent arrears, voids , customer satisfaction, growth, maintenance repair times, staff turnover and financial stability.

The management of financial resources is critical to our ability to meet our objectives. Whilst the Association has voluntary non-profit making status, the generation of an annual surplus is vital to ensure the ongoing investment in new homes, to provide for longer term maintenance obligations, to meet the commitments to lenders, and to generally ensure adequate protection against unforeseen circumstances.

The key strengths of the Association which enable our objectives to be achieved are:

- A commitment to the highest standards of corporate governance,
- A financial position which secures the confidence of funders, facilitating future investment and strategic growth opportunities,
- Professional and dedicated staff who are committed to the Association's objectives
- An ability to deliver the social housing development programme

Risks

Performance in the sector is generally affected by government policies and changing legislation, the impact of the regulatory regime, changes in demographic, political or economic conditions or environmental risks. Some of the major factors which may affect the Association over the next year are:

- Limits on Supporting People and other revenue funding,
- Increasing customer demands/expectations including the need to deal with anti-social behaviour,
- Possible effects of the government's efficiency agenda and the impact on the status of Associations as preferred developers;
- The combined effects of increasing land prices and reducing grant rates on the ability to develop financially viable schemes.

Performance in the year ended 31 March 2006

During the year the number of homes in management increased by 128 to 1,629. In addition there were 395 units under development at 31 March 2006.

The Association had a capital financial allocation from the Department for Social Development of £18.3 million in the period April 2005 to March 2006 to commence the construction of 249 units of social housing.
Our performance significantly exceeded this target, as construction started on 331 units and £20.6 million of a capital allocation was taken up during the year.

£ 20.545 million was spent on the development of housing properties during the year, and funding from Housing Association Grant and other grants of £14.348 million was received.

Turnover increased by 10.3% to £6.803 million. The surplus for the year was £1.099 million representing an increase of £140K over the previous year.
Of this surplus, £181K has been transferred to designated reserves.

The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £1.030 million. Further expenditure of £3.249 million is planned for 2006/07.

A surplus on the disposal of housing properties of £655K was generated during the year and this will be reinvested in the provision of replacement properties for social housing rental.

Treasury

The Association's treasury management policy facilitates the effective management of cash flows, borrowings, investments and the risks associated with these activities. At 31 March 2006 the Association had loans outstanding of £8.412 million, representing an increase in the loan portfolio of £1.716 million over 31 March 2005.

Responsibility for the management of interest rate risk and liquidity risk is delegated to the Finance Committee. The Association finances its operations through a combination of borrowing and the reinvestment of revenue reserves. The amount of borrowings and its terms are reviewed and determined by the Finance Committee.

Interest rate risk

Exposure to fluctuating interest rates is managed by the composition of a balanced portfolio between fixed rate and variable rate loans.

Liquidity risk

The Association maintains a mixture of long-term and short-term loan finance that is designed to ensure there is sufficient funds to achieve business objectives and to facilitate planned growth.

Currency risk

The Association does not engage in foreign currency transactions and so is not exposed to exchange risk.

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 statements the Board is required to:

- Select suitable accounting policies and 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 the taking of reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the members of the Board of Management at the date of approval of these financial statements is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- They have taken all the steps that they ought to have taken as members of the Board of Management in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Internal Control

The Board of Management has overall responsibility for the Association's internal control systems and for reviewing the effectiveness of these. Such systems can only provide the Board of Management with reasonable (and not absolute) assurance against material misstatement or loss as they are designed to manage the risk of failure to achieve business objectives rather than eliminate the risk completely.

Audit

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 monitor the performance of the Association against the key business indicators. The Association's internal auditors report directly to the Audit Committee on completion of each systems review and an annual summary report is produced by the internal auditors summarising the systems audit programme each year. The work of the external auditors also provides some assurance through the year end audit visit and the provision of an internal control report.

Risk Management

Responsibility for the identification of risks is clearly defined and operates through a rolling risk assessment process. Key risks facing the Association are considered by the Board of Management at each meeting and the Board has adopted a risk-orientated strategic focus.

Quality Management

The quality of the Association's management systems is recognised through the ISO and Investors in People accreditations, the standards of the Code of Practice for the Centre for Sheltered Housing Studies and the standards of the Regulation and Quality Improvement Authority.

Board of Management and Executive Officers

The members of the Board of Management and the executive officers of the Association are listed on page1.

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 the Association, Mrs Shiells, Mr Johnston and Mr Browne are due to retire by rotation and are eligible for re-appointment.

Auditors

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

By order of the Board

CI McCarty
Secretary
9 June 2006

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2006 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;

- the information given in the Report of the Board of Management is consistent with the financial statements; and

- 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
9 June 2006

Income and expenditure account
for the year ended 31 March 2006

	Notes	2006 £	2005 £
Turnover	2	**6,802,844**	6,167,259
Operating costs	3	**(5,056,751)**	(4,667,085)
Operating surplus	4	**1,746,093**	1,500,174
Surplus arising from sales of housing property		**654,578**	31,953
Transfer to disposal proceeds fund	14	**(654,578)**	(31,953)
Interest receivable and similar income	7	**66,411**	38,910
Interest payable and similar charges	8	**(713,220)**	(579,632)
Surplus on ordinary activities		**1,099,284**	959,452
Less: transfer to designated reserves			
- major repairs	19	**(284,755)**	(676,105)
- cyclical maintenance	19	**106,314**	(78,107)
- bequests	19	**(2,256)**	(280)
Retained surplus for the year		**918,587**	204,960
Retained surplus brought forward		**4,849,155**	4,644,195
Retained surplus carried forward		**5,767,742**	4,849,155

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.

Clanmil Housing Association Limited

Balance sheet at 31 March 2006

	Notes	**2006** £	2005 £
Fixed assets			
Housing properties - depreciated cost	9	**109,874,246**	90,367,879
Less: Housing Association Grant and other grants	9	**(85,692,744)**	(71,915,311)
		24,181,502	18,452,568
Other tangible fixed assets	10	**1,968,359**	2,061,584
Investments	11	**2**	2
		26,149,863	20,514,154
Current assets			
Debtors	12	**11,408,297**	5,639,148
Cash at bank and in hand		**524,002**	944,354
		11,932,299	6,583,502
Creditors: amounts falling due within one year	13	**(19,571,265)**	(10,005,072)
Net current liabilities		**(7,638,966)**	(3,421,570)
Total assets less current liabilities		**18,510,897**	17,092,584
Creditors: amounts falling due after more than one year	14	**6,733,536**	6,422,429
Provisions for liabilities and charges	16	**290,021**	282,100
		7,023,557	6,704,529
Capital and reserves			
Called up share capital	17	**21**	20
Capital reserve	18	**5**	5
Designated reserves	19	**5,719,572**	5,538,875
Revenue reserve		**5,767,742**	4,849,155
Total funds	22	**11,487,340**	10,388,055
		18,510,897	17,092,584

The financial statements on pages 8 to 27 were approved by the Board of Management on 9 June 2006 and were signed on its behalf by:

G Johnston
Vice Chair

C T Hogg
Board Member

Cash flow statement
for the year ended 31 March 2006

	Notes	**2006** £	2005 £
Net cash inflow from operating activities	23	**3,057,864**	2,198,978
Returns on investments and servicing of finance			
Interest received		**62,020**	46,140
Interest paid		**(721,870)**	(656,154)
		(659,850)	(610,014)
Capital expenditure			
Purchase and development of housing properties		**(21,476,026)**	(14,157,342)
Housing Association Grant and other grants		**16,235,693**	14,132,326
Voluntary Purchase Grant		**215,315**	19,410
Purchase of other tangible assets		**(54,303)**	(91,559)
Receipts from disposal of housing properties		**544,574**	46,808
		(4,534,747)	(50,357)
Financing			
Loan advance		**8,950,000**	7,625,000
Loan principal repayments		**(7,233,620)**	(8,366,755)
Allotment of shares		**1**	2
		1,716,381	(741,753)
(Decrease)/increase in cash in the year	24 - 25	**(420,352)**	796,854

Notes to the financial statements for the year ended 31 March 2006

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

	2006	2005
	£	£
Direct costs	**3,790,393**	3,482,979
Impairment	**-**	-
Administrative expenses	**1,283,337**	1,202,997
Other operating income	**(16,979)**	(18,891)
	5,056,751	4,667,085

4 Operating surplus

	2006	2005
	£	£
This is stated after charging/(crediting)		
Depreciation	**334,204**	313,244
Release of capital grant	**(777)**	(777)
Auditors' remuneration		
– audit services	**6,110**	6,298
– non-audit services	**588**	5,288

5 Employee information

	2006	2005
	£	£
Staff costs		
Wages and salaries	**1,885,313**	1,747,821
Social security costs	**143,959**	131,321
Other pension costs	**45,274**	46,271
	2,074,546	1,925,413

	Number	Number
Average monthly number of persons employed by the Association during the year by activity		
Administration	**44**	42
Scheme co-ordinators and ancillary staff	**64**	65
Special needs	**54**	53
	162	160

6 Directors' emoluments

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

	2006	2005
	£	£
Aggregate emoluments	**66,242**	59,982
Pension contributions to money purchase schemes	**4,200**	3,780
	70,442	63,762

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

	2006	2005
	£	£
Interest receivable	**66,411**	38,910

8 Interest payable and similar charges

	2006	2005
	£	£
Housing property loans	**542,396**	464,023
Other loans	**108,421**	107,479
Interest payable to DSD re HAG received in advance	**60,195**	5,540
Bank interest and charges	**2,208**	2,590
	713,220	579,632

9 Tangible fixed assets - housing properties

	2006	2005
	£	£
Cost		
At 1 April 2005	**91,157,740**	76,558,972
Additions	**20,545,423**	14,647,928
Disposals	**(855,115)**	(49,160)
At 31 March 2006	**110,848,048**	91,157,740
Housing Association Grant and other grants		
At 1 April 2005	**71,915,311**	59,417,764
Additions	**14,348,620**	12,525,171
Disposals	**(571,187)**	(27,624)
At 31 March 2006	**85,692,744**	71,915,311
Depreciation		
At 1 April 2005	**789,861**	609,622
Charge for the year	**192,392**	181,080
Disposals	**(8,451)**	(841)
At 31 March 2006	**973,802**	789,861
Net book value comprises		
- Freehold property	**14,891,531**	12,520,026
- Long leasehold property	**9,289,971**	5,932,542
	24,181,502	18,452,568
Net book value comprises:		
- Completed schemes	**19,307,673**	16,781,992
- Properties under construction	**4,873,829**	1,670,576
	24,181,502	18,452,568

10 Other tangible fixed assets

	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2005	2,102,220	575,731	7,600	42,731	2,728,282
Additions	12,285	36,302	-	-	48,587
Disposals	-	(31,945)	-	-	(31,945)
At 31 March 2006	**2,114,505**	**580,088**	**7,600**	**42,731**	**2,744,924**
Depreciation					
At 1 April 2005	307,813	324,116	7,600	27,169	666,698
Charge for year	55,406	78,438	-	7,968	141,812
Disposals	-	(31,945)	-	-	(31,945)
At 31 March 2006	**363,219**	**370,609**	**7,600**	**35,137**	**776,565**
Net book value					
At 31 March 2006	**1,751,286**	**209,479**	**-**	**7,594**	**1,968,359**
At 31 March 2005	1,794,407	251,615	-	15,562	2,061,584

11 Investments

	2006 Subsidiary Undertaking £	2005 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

	2006 £	2005 £
Amounts owed by NIHE re Housing Benefit and Supporting People funding	**306,883**	29,903
Other rental debtors	**34,006**	43,095
Housing Association Grant	**10,226,128**	5,065,106
Amounts owed by subsidiary undertaking	**21,459**	25,231
Amounts owed by related undertaking	**28,512**	11,211
Other debtors	**641,221**	324,881
Prepayments and accrued income	**150,088**	139,721
	11,408,297	5,639,148

13 Creditors: amounts falling due within one year

	2006	2005
	£	£
Bank overdraft	**299,468**	-
Bank loans (Note 15)	**2,321,787**	301,048
DSD loans (Note 15)	**43,560**	39,207
Housing Association grant in advance	**14,162,527**	6,895,283
Deferred historic building grant	**33,546**	34,323
Other creditors including tax and social security	**938,056**	442,208
Services equalisation account	**333,861**	179,350
Accruals and deferred income	**1,403,701**	2,113,653
Disposal proceeds funds	**34,759**	-
	19,571,265	10,005,072

14 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Bank loans (Note 15)	**4,854,000**	5,119,153
DSD loans (Note 15)	**1,193,005**	1,236,564
Disposal proceeds fund	**686,531**	66,712
	6,733,536	6,422,429

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

15 Loans

	2006	2005
	£	£
Bank loans - Housing property and other loans		
Less than one year, or on demand (Note 13)	**2,321,787**	301,048
Between one and two years	**1,071,164**	265,152
Between two and five years	**784,799**	1,586,593
After more than five years	**2,998,037**	3,267,408
	7,175,787	5,420,201

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 and bear interest at fixed and variable rates.

	2006	2005
	£	£
Department for Social Development – Housing Property Loans		
Less than one year (Note 13)	**43,560**	39,207
Between one and two years	**48,410**	43,560
Between two and five years	**180,231**	162,072
After more than five years	**964,364**	1,030,932
	1,236,565	1,275,771

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 2005	101,218	180,882	282,100
Charged to income and expenditure account	-	21,095	21,095
Expenditure during the year	-	(13,174)	(13,174)
At 31 March 2006	**101,218**	**188,803**	**290,021**

17 Called up share capital

	2006	2005
	£	£
Ordinary shares of £1 each, fully paid		
At 1 April 2005	**20**	18
Allotted during the year	**1**	2
At 31 March 2006	**21**	20

18 Capital reserve

	2006	2005
	£	£
At 31 March 2005 and **31 March 2006**	**5**	5

19 Designated reserves

	Major repairs £	Cyclical repairs £	Bequests £	Total £
At 1 April 2005	4,058,439	1,465,673	14,763	5,538,875
Appropriations from revenue reserve:				
- transfer from cyclical repairs	500,000	-	-	500,000
- transfer to major repairs	-	(500,000)	-	(500,000)
- transfer from rent surplus fund	328,469	-	-	328,469
- provided	986,221	-	-	986,221
- expenditure on repairs	(1,029,935)	(106,314)	-	(1,136,249)
- interest and other income received	-	-	2,256	2,256
At 31 March 2006	**4,843,194**	**859,359**	**17,019**	**5,719,572**

20 Rent surplus fund

	2006 £	2005 £
Net relevant income	**410,586**	415,552
Appropriation to major repairs reserve	**(328,469)**	(332,442)
Retained in revenue reserve	**(82,117)**	(83,110)
	-	-

21 Turnover, operating surplus and surplus for the year

	Turnover £	**Operating costs £**	**Operating surplus £**	**Interest receivable £**	**Interest payable £**	**2006 Surplus for the year £**	Turnover £	Operating surplus £	2005 Surplus for the year £
Income and expenditure from lettings									
Housing accommodation	**5,445,943**	**(3,675,880)**	**1,770,063**	**-**	**(602,590)**	**1,167,473**	5,015,756	1,496,122	1,026,559
Special needs accommodation	**1,154,476**	**(1,178,446)**	**(23,970)**	**-**	**-**	**(23,970)**	966,909	4,052	4,052
	6,600,419	**(4,854,326)**	**1,746,093**	**-**	**(602,590)**	**1,143,503**	5,982,665	1,500,174	1,030,611
Other income and expenditure	**202,425**	**(202,425)**	**-**	**-**	**-**	**-**	184,594	-	-
Total	**6,802,844**	**(5,056,751)**	**1,746,093**	**-**	**(602,590)**	**1,143,503**	6,167,259	1,500,174	1,030,611
Interest receivable	**-**	**-**	**-**	**66,411**	**-**	**66,411**	-	-	38,910
Interest payable	**-**	**-**	**-**	**-**	**(110,630)**	**(110,630)**	-	-	(110,069)
	6,802,844	**(5,056,751)**	**1,746,093**	**66,411**	**(713,220)**	**1,099,284**	6,167,259	1,500,174	959,452
Surplus arising from sales of housing property	**654,578**	**-**	**-**	**-**	**-**	**654,578**	31,953	-	31,953
Transfer to disposal proceeds fund	**(654,578)**	**-**	**-**	**-**	**-**	**(654,578)**	(31,953)	-	(31,953)
	6,802,844	**(5,056,751)**	**1,746,093**	**66,411**	**(713,220)**	**1,099,284**	6,167,259	1,500,174	959,452

22 Reconciliation of movements in funds

	2006	2005
	£	£
Surplus on ordinary activities	**1,099,284**	959,452
New share capital issued	**1**	2
Net movement during year	**1,099,285**	959,454
Opening funds	**10,388,055**	9,428,601
Closing funds	**11,487,340**	10,388,055

23 Net cash inflow from operating activities

	2006	2005
	£	£
Operating surplus	**1,746,093**	1,500,174
Movement in service charges equalisation account	**154,511**	104,192
Depreciation charge	**334,204**	313,244
Release of capital grant	**(777)**	(777)
Impairment	**41,660**	-
Increase in provisions for liabilities and charges	**7,921**	3,075
(Increase)/decrease in debtors	**(256,031)**	197,181
Increase in creditors	**1,030,333**	81,889
Net cash inflow from operating activities	**3,057,864**	2,198,978

24 Analysis of net debt

	1 April 2005	Cash flow	Non-cash changes	31 March 2006
	£	£	£	£
Cash at bank and in hand	944,354	(420,352)	-	**524,002**
Bank overdraft	-	(299,468)	-	**(299,468)**
Debt due after one year	(6,355,717)	(2,056,635)	2,365,347	**(6,047,005)**
Debt due within one year	(340,255)	340,255	(2,365,347)	**(2,365,347)**
	(5,751,618)	(2,436,200)	-	**(8,187,818)**

25 Reconciliation of net cash flow to movement in net debt

	2006	2005
	£	£
(Decrease)/increase in cash in financial year	**(420,352)**	796,854
Increase in bank overdraft	**(299,468)**	-
Repayment of loans	**7,233,620**	8,366,755
New loans	**(8,950,000)**	(7,625,000)
Movement in net funds in the year	**(2,436,200)**	1,538,609
Net debt at 1 April 2005	**(5,751,618)**	(7,290,227)
Net debt at 31 March 2006	**(8,187,818)**	(5,751,618)

26 Particulars of lettings

	2006	2005
	£	£
Rent and service charges	**6,729,998**	5,959,557
Less: rent losses from bad debts and voids	**(267,158)**	(111,116)
	6,462,840	5,848,441
Grants from government departments and other agencies:		
- Special needs management allowance (interim protection)	**137,579**	134,224
	6,600,419	5,982,665

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

	2006				2005			
	Service income £	**DSD allowances £**	**Operating costs £**	**Surplus/ (deficit) for the year £**	Service income £	DSD allowances £	Operating costs £	Deficit for the year £
Housing accommodation 1,520 units (2005 - 1,434 units)								
Services	**1,619,942**	**-**	**1,454,580**	**165,362**	1,466,997	-	(1,368,961)	98,036
Management	**-**	**518,659**	**628,695**	**(110,036)**	-	495,558	(628,154)	(132,596)
Maintenance	**-**	**867,417**	**602,579**	**264,838**	-	781,582	(745,220)	36,362
Special needs accommodation 109 units (2005 - 80 units)								
Services	**338,102**	**-**	**1,196,280**	**(858,178)**	183,697	-	(832,832)	(649,135)
Management	**-**	**155,186**	**253,630**	**(98,444)**	-	147,367	(241,562)	(94,195)
Maintenance	**-**	**46,586**	**87,032**	**(40,446)**	-	36,276	(68,130)	(31,854)
	1,958,044	**1,587,848**	**4,222,796**	**(676,904)**	1,650,694	1,460,783	(3,884,859)	(773,382)
Rent surplus fund			**82,117**				(83,110)	
Major repairs provisions			**284,755**				(676,105)	
			4,589,668				(4,644,074)	
Housing accommodation			**3,003,549**				(3,466,377)	
Special needs accommodation			**1,586,119**				(1,177,697)	
			4,589,668				(4,644,074)	

28 Pension commitments

The Association participates in 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 scheme.

Contributions during the year amounted to £41,073 (2005 - £41,887) are charged to income and expenditure when they fall due, in accordance with SSAP 24 and FRS 17.

The Trustee commissions an actuarial valuation of the Scheme every 3 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 meets its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

As at the balance sheet date there were 19 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2002 by a professional qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £650 million. The valuation revealed a shortfall of assets compared to liabilities of £117 million.

The Association has subsequently been notified of the preliminary results of the triennial valuation carried out on 30 September 2005. This indicates an increase in the assets of the Scheme to £1,278 million and an increase in the shortfall of assets compared with liabilities to £283 million. This valuation, and any consequent alteration to future contribution rates, is currently the subject of consultation with participating employers and members. The outcome of this consultation will be made known in September 2006, and any consequent changes to contribution rates applied from 1 April 2007. The following notes therefore relate to the formal valuation of September 2002.

The financial assumptions underlying the valuation as at 30 September 2002 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 valuation revealed a shortfall of assets compared with the value of liabilities of £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.

28 Pension commitments (continued)

Following consideration of the results of the actuarial valuation it was 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.

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 buyout basis ie 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 currently participating 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.

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

29 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.

30 Capital commitments - Housing Properties

	2006	2005
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	**22,237,636**	12,487,418

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.

31 Financial commitments

At 31 March 2006 the company had an annual commitment under a non-cancellable operating lease expiring as follows:

	Property	Property
	2006	2005
	£	£
After five years	**114,856**	114,856

32 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:

	2006	2005
	£	£
Amounts owed by subsidiary undertaking		
Clanmil Properties Limited	**21,459**	24,600
Amounts owed by related undertaking		
Clanmil Housing Association Ireland Limited	**28,512**	11,211

32 Related party disclosures (continued)

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

	2006	2005
	£	£
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	**2,310**	2,245
Gift aid donation from Clanmil Properties Limited to Clanmil Housing Association Limited	**21,111**	22,631
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	**27,224**	11,211
Unsecured loan advanced by/(repaid to) Clanmil Housing Association Limited to/(by) Clanmil Housing Association Ireland Limited	**1,227**	(36,873)
Loan interest charged by Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	**479**	1,259