

Clanmil Housing Association Limited
Annual Statement of Accounts
for the year ended 31 March 2007

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Board of Management and advisers

Board of Management

G Rice MBE BSc MBIC Sc (Chair)
G Johnston MA (Oxon) (Vice Chair)
J Baird MSc FCIH
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 FCIQB (resigned 30 June 2006)
W Linton (co-opted)
D Long (co-opted 26 October 2006)
M O'Boyle CQSW ASW (co-opted)
J O'Brien (co-opted)
C Ramsey BSc (Hons) Dip TP Dip BA MRTPI (co-opted)
D Rankin MBE RD* BSc (Econ) MSSc FCII (on sabbatical from 30 June 2006)
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 2007

The Board of Management present their report and the audited financial statements for the year ended 31 March 2007.

Principal activities

Clanmil Housing is one of the leading providers of affordable housing in Northern Ireland, providing both general 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; and
- Acting responsibly with regard to the environment in all aspects of operations.

The Board of Management is a voluntary Committee who have responsibility for the strategic direction, general policy and management of the Association. The day to day management of operations is delegated to the Chief Executive and the Management Team. The Association employs 170 staff.

Clanmil Housing is the controlling member of the Clanmil Group.

Clanmil Properties Limited manages commercial property rentals.

Milbreen Limited is currently dormant but intends to develop affordable housing for sale.

Clanmil Ireland provides affordable housing for rental in the Republic of Ireland.

The Association continues to grow as an organisation and efficiency savings are reinvested where appropriate to improve existing services, deliver additional services and maintain or improve the stock condition and value.

We strive to operate efficiently and effectively, and outputs are monitored by the Board of Management who receive performance reports covering a variety of financial and non-financial performance information.

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 housing stock, 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; and
- An ability to deliver the social housing development programme.

Status

The Association is registered under the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976 (No. IP 136) and is a Registered Housing Association.

The Association is a registered charity (Charity No. XR 43042).

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.

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;
- Housing policy and planning issues;
- Possible effects of the proposed procurement strategy for the social housing development programme; and
- 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 2007

During the year the number of homes in management increased by 79 to 1,708. There were 299 units under development at 31 March 2007.

£18.364 million was spent on the development of housing properties during the year, and funding from Housing Association Grant of £11.788 million was received.

Turnover increased by 14.1% from £6.803 million in 2005/06 to £7.762 million.

The Association's annual review of rental charges at April 2006 resulted in a 2.65% increase in rents.

Operating costs of £5.850 million represent 75% of turnover as compared to 74% in 2005/06.

The surplus for the year was £1.500 million, before transfers to designated reserves, showing an increase of £400K over 2005/06. The majority of the increase in surplus arose from the effective control of cash and borrowings and management costs.

The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £1.266 million. The level of expenditure of this nature will fluctuate from year to year dependent on the age and condition of schemes and this has a significant impact on the amount of retained surplus in any one year after the relevant transfer to/from designated reserves.

Designated reserves increased to £5.289 million demonstrating the Association's overall capacity to meet its future major repairs and cyclical maintenance commitments.

A surplus on the disposal of housing properties of £428K was generated during the year and this will be reinvested in the provision of replacement properties for social housing rental.

Expected performance in the year ending 31 March 2008

The Association expects further expansion in 2007/08 as a result of a significant ongoing development programme with turnover projected to increase by around 10% to approximately £8.5 million.

It is planned that 235 additional units of housing will be completed during the year increasing total stock to 1,943 units.

£3.016 million of expenditure re the ongoing programme of major repairs and improvements to properties is anticipated in the year.

The Association operates in a highly regulated environment which can result in associated cost pressures and constraints on income streams. We will continue to develop a co-ordinated corporate approach to achieving efficiency targets in line with the Strategic Plan. Priorities have been set to ensure that efficiencies are gained without an adverse impact on service delivery or service user satisfaction.

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 2007 the Association had loans outstanding of £6.299 million, representing a decrease in the loan portfolio of £2.113 million over 31 March 2006. Bank overdraft increased from £300K at 31 March 2006 to £4.667 million at 31 March 2007 as a result of a temporary working capital requirement.

The Association was fully compliant with loan covenants during the year. The interest cover ratio for the year of 3.62 and the adjusted net leverage ratio as at 31 March 2007 of 9.63% very comfortably exceed the Association's principal lender's requirements.

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 retained 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.

An effective interest rate for the year of 5.26% inclusive of margins and other costs was achieved.

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.

At 31 March 2007 the Association had available loan facilities agreed with Banks but undrawn of £11.650 million.

Currency risk

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

Regulation

The Association's principal regulator is the Department for Social Development (DSD). It is also regulated by the Northern Ireland Housing Executive (NIHE) in its role as administrator of Supporting People funding.

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.

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 and the provision of an internal control report.

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 the Association, Ms Cunningham, Ms Ebbage, Mr Kirkwood and Ms Riordan 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
7 June 2007

Auditors' report to the shareholders of Clanmil Housing Association Limited

We have audited the financial statements of Clanmil Housing Association Limited for the year ended 31 March 2007 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Board of Management and Auditors

As described in report of the Board of Management the members of that Board are responsible for the preparation of the annual report and the financial statements, in accordance with applicable Northern Ireland law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 page 5 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 International Standards on Auditing (UK and Ireland) 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.

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 2007 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;
- 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 page 5, in our opinion the Board of Management has provided the disclosures required by the Code, and the statement is not inconsistent with the information of which we are aware from our audit of the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Belfast

7 June 2007

Income and expenditure account for the year ended 31 March 2007

	Notes	2007 £	2006 £
Turnover	2	7,762,184	6,802,844
Operating costs	3	(5,850,437)	(5,056,751)
Operating surplus	4	1,911,747	1,746,093
Surplus arising from sales of housing property	7	428,221	654,578
Transfer to disposal proceeds fund	7	(441,961)	(654,578)
Interest receivable and similar income	8	178,592	66,411
Interest payable and similar charges	9	(576,878)	(713,220)
Surplus on ordinary activities		1,499,721	1,099,284
Less: transfer to designated reserves			
- major repairs	20	197,529	(284,755)
- cyclical maintenance	20	240,725	106,314
- bequests	20	(7,908)	(2,256)
Retained surplus for the year		1,930,067	918,587
Retained surplus brought forward		5,767,742	4,849,155
Retained surplus carried forward		7,697,809	5,767,742

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 at 31 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Housing properties - depreciated cost	10	127,307,397	109,874,246
Less: Housing Association Grant and other grants	10	(97,279,132)	(85,692,744)
		30,028,265	24,181,502
Other tangible fixed assets	11	1,953,320	1,968,359
Investments	12	2	2
		31,981,587	26,149,863
Current assets			
Debtors	13	4,120,148	11,408,297
Cash at bank and in hand		194,727	524,002
		4,314,875	11,932,299
Creditors: amounts falling due within one year	14	(17,101,512)	(19,571,265)
Net current liabilities		(12,786,637)	(7,638,966)
Total assets less current liabilities		19,194,950	18,510,897
Creditors: amounts falling due after more than one year			
	15	5,910,064	6,733,536
Provisions for liabilities	17	297,825	290,021
		6,207,889	7,023,557
Capital and reserves			
Called up share capital	18	20	21
Capital reserve	19	6	5
Designated reserves	20	5,289,226	5,719,572
Revenue reserve		7,697,809	5,767,742
Total funds	23	12,987,061	11,487,340
		19,194,950	18,510,897

The financial statements on pages 8 to 27 were approved by the Board of Management on 7 June 2007 and were signed on its behalf by:

G Rice
Chair

C T Hogg
Board Member

Cash flow statement for the year ended 31 March 2007

	Notes	2007 £	2006 £
Net cash inflow from operating activities	24	2,291,944	2,758,396
Returns on investments and servicing of finance			
Interest received		178,791	62,020
Interest paid		(571,888)	(721,870)
		(393,097)	(659,850)
Capital expenditure			
Purchase and development of housing properties		(17,173,131)	(21,476,026)
Housing Association Grant and other grants		12,118,738	16,235,693
Voluntary Purchase Grant		133,598	215,315
Purchase of other tangible assets		(126,995)	(54,303)
Receipts from disposal of housing properties		565,373	544,574
		(4,482,417)	(4,534,747)
Financing			
Loan advance		250,000	8,950,000
Loan principal repayments		(2,363,451)	(7,233,620)
Allotment of shares		-	1
		(2,113,451)	1,716,381
Decrease in cash in the year	25 - 26	(4,697,021)	(719,820)

Notes to the financial statements for the year ended 31 March 2007

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. With effect from 1 October 2006 notional interest on the balance is included in the fund.

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 29.

2 Analysis of turnover

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

	2007	2006
	£	£
Direct costs	4,704,650	3,790,393
Administrative expenses	1,163,632	1,283,337
Other operating income	(17,845)	(16,979)
	5,850,437	5,056,751

4 Operating surplus

	2007	2006
	£	£
This is stated after charging/(crediting)		
Depreciation	355,368	334,204
Release of capital grant	(777)	(777)
Auditors' remuneration		
– audit services	5,640	6,110
– non-audit services	823	588

5 Employee information

	2007	2006
	£	£
Staff costs		
Wages and salaries	2,032,774	1,885,313
Social security costs	155,482	143,959
Other pension costs	63,797	45,274
	2,252,053	2,074,546

	Number	Number
Average monthly number of persons employed by the Association during the year by activity		
Administration	50	44
Scheme co-ordinators and ancillary staff	63	64
Special needs	56	54
	169	162

6 Directors' emoluments

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

	2007	2006
	£	£
Aggregate emoluments	71,242	66,242
Pension contributions to money purchase schemes	7,605	4,200
	78,847	70,442

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

7 Transfer to disposal proceeds fund

	2007	2006
	£	£
Proceeds of disposal	428,221	654,578
Notional interest	17,617	-
Depreciation on properties disposed	(3,877)	-
Transfer to disposal proceeds fund (note 15)	441,961	654,578

Following guidance issued by the Department for Social Development the disposal proceed fund has been adjusted for notional interest and depreciation.

8 Interest receivable and similar income

	2007	2006
	£	£
Interest receivable	178,592	66,411

9 Interest payable and similar charges

	2007	2006
	£	£
Housing property loans	385,675	542,396
Other loans	98,828	108,421
Interest payable to DSD re HAG received in advance	90,149	60,195
Bank interest and charges	2,226	2,208
	576,878	713,220

10 Tangible fixed assets - housing properties

	2007	2006
	£	£
Cost		
At 1 April 2006	110,848,048	91,157,740
Additions	18,363,910	20,545,423
Disposals	(721,302)	(855,115)
At 31 March 2007	128,490,656	110,848,048
Housing Association Grant and other grants		
At 1 April 2006	85,692,744	71,915,311
Additions	12,112,839	14,348,620
Disposals	(526,451)	(571,187)
At 31 March 2007	97,279,132	85,692,744
Depreciation		
At 1 April 2006	973,802	789,861
Charge for the year	213,334	192,392
Disposals	(3,877)	(8,451)
At 31 March 2007	1,183,259	973,802
Net book value comprises		
- Freehold property	19,350,465	14,891,531
- Long leasehold property	10,677,800	9,289,971
	30,028,265	24,181,502
Net book value comprises:		
- Completed schemes	25,194,274	19,307,673
- Properties under construction	4,833,991	4,873,829
	30,028,265	24,181,502

11 Other tangible fixed assets

	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2006	2,114,505	580,088	7,600	42,731	2,744,924
Additions	75,585	51,410	-	-	126,995
Disposals	-	(28,692)	-	-	(28,692)
At 31 March 2007	2,190,090	602,806	7,600	42,731	2,843,227
Depreciation					
At 1 April 2006	363,219	370,609	7,600	35,137	776,565
Charge for year	57,674	77,346	-	7,014	142,034
Disposals	-	(28,692)	-	-	(28,692)
At 31 March 2007	420,893	419,263	7,600	42,151	889,907
Net book value					
At 31 March 2007	1,769,197	183,543	-	580	1,953,320
At 31 March 2006	1,751,286	209,479	-	7,594	1,968,359

12 Investments

	2007 Subsidiary Undertaking £	2006 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.

13 Debtors

	2007 £	2006 £
Amounts owed by NIHE re Housing Benefit and Supporting People funding	266,491	306,883
Other rental debtors	41,536	34,006
Housing Association Grant	2,969,906	10,226,128
Amounts owed by subsidiary undertaking	19,334	21,459
Amounts owed by related undertaking	60,944	28,512
Other debtors	606,455	641,221
Prepayments and accrued income	155,482	150,088
	4,120,148	11,408,297

14 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank overdraft (Note 16)	4,667,214	299,468
Bank loans (Note 16)	1,323,060	2,321,787
DSD loans (Note 16)	48,410	43,560
Housing Association Grant in advance	7,127,002	14,162,527
Deferred historic building grant	32,769	33,546
Other creditors including tax and social security	938,145	938,056
Services equalisation account	406,231	333,861
Accruals and deferred income	2,558,681	1,403,701
Disposal proceeds fund	-	34,759
	17,101,512	19,571,265

15 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Bank loans (Note 16)	3,782,836	4,854,000
DSD loans (Note 16)	1,144,595	1,193,005
Disposal proceeds fund	982,633	686,531
	5,910,064	6,733,536

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

16 Loans

	2007	2006
	£	£
Bank loans - Housing property and other loans		
Less than one year, or on demand (Note 14)	1,323,060	2,321,787
Between one and two years	253,906	1,071,164
Between two and five years	808,343	784,799
After more than five years	2,720,587	2,998,037
	5,105,896	7,175,787

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 7.53%.

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.

16 Loans (continued)

	2007	2006
	£	£
Department for Social Development - Housing Property Loans		
Less than one year (Note 14)	48,410	43,560
Between one and two years	53,817	48,410
Between two and five years	200,485	180,231
After more than five years	890,293	964,364
	1,193,005	1,236,565

Security

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

17 Provisions for liabilities

	Provision for remedial work £	Provision for scheme furniture replacement £	Total £
At 1 April 2006	101,218	188,803	290,021
Charged to income and expenditure account	-	28,516	28,516
Expenditure during the year	-	(20,712)	(20,712)
At 31 March 2007	101,218	196,607	297,825

18 Called up share capital

	2007	2006
	£	£
Ordinary shares of £1 each, fully paid		
At 1 April 2006	21	20
Allotted during the year	-	1
Transfer to capital reserve	(1)	-
At 31 March 2007	20	21

19 Capital reserve

	2007	2006
	£	£
At 1 April 2006	5	5
Transfer from share capital	1	-
At 31 March 2007	6	5

20 Designated reserves

	Major repairs £	Cyclical repairs £	Bequests £	Total £
At 1 April 2006	4,843,194	859,359	17,019	5,719,572
Appropriations from revenue reserve:				
- transfer from rent surplus fund	320,814	-	-	320,814
- provided	748,096	-	-	748,096
- expenditure on repairs	(1,266,439)	(240,725)	-	(1,507,164)
- interest and other income received	-	-	7,908	7,908
Sub-total	(197,529)	(240,725)	7,908	(430,346)
At 31 March 2007	4,645,665	618,634	24,927	5,289,226

21 Rent surplus fund

	2007 £	2006 £
Net relevant income	401,017	410,586
Appropriation to major repairs reserve	(320,814)	(328,469)
Retained in revenue reserve	(80,203)	(82,117)
	-	-

22 Turnover, operating surplus and surplus for the year

	Turnover £	Operating costs £	Operating surplus £	Interest receivable £	Interest payable £	2007 Surplus for the year	Turnover £	Operating surplus £	2006 Surplus for the year £
Income and expenditure from lettings									
Housing accommodation	6,069,111	(4,227,730)	1,841,381	-	(475,824)	1,365,557	5,445,943	1,770,063	1,167,473
Special needs accommodation	1,470,066	(1,399,700)	70,366	-	-	70,366	1,154,476	(23,970)	(23,970)
	7,539,177	(5,627,430)	1,911,747	-	(475,824)	1,435,923	6,600,419	1,746,093	1,143,503
Other income and expenditure	223,007	(223,007)	-	-	-	-	202,425	-	-
Total	7,762,184	(5,850,437)	1,911,747	-	(475,824)	1,435,923	6,802,844	1,746,093	1,143,503
Interest receivable	-	-	-	178,592	-	178,592	-	-	66,411
Interest payable	-	-	-	-	(101,054)	(101,054)	-	-	(110,630)
	7,762,184	(5,850,437)	1,911,747	178,592	(576,878)	1,513,461	6,802,844	1,746,093	1,099,284
Surplus arising from sales of housing property	428,221	-	-	-	-	428,221	654,578	-	654,578
Transfer to disposal proceeds fund	(441,961)	-	-	-	-	(441,961)	(654,578)	-	(654,578)
	7,748,444	(5,850,437)	1,911,747	178,592	(576,878)	1,499,721	6,802,844	1,746,093	1,099,284

23 Reconciliation of movements in funds

	2007	2006
	£	£
Surplus on ordinary activities	1,499,721	1,099,284
New share capital issued	-	1
Net movement during year	1,499,721	1,099,285
Opening funds	11,487,340	10,388,055
Closing funds	12,987,061	11,487,340

24 Net cash inflow from operating activities

	2007	2006
	£	£
Operating surplus	1,911,747	1,746,093
Movement in service charges equalisation account	72,370	154,511
Depreciation charge	355,368	334,204
Release of capital grant	(777)	(777)
Impairment	48,729	41,660
Increase in provisions for liabilities and charges	7,804	7,921
Increase in debtors	(62,599)	(256,031)
(Decrease)/increase in creditors	(40,698)	730,865
Net cash inflow from operating activities	2,291,944	2,758,396

25 Analysis of net debt

	1 April 2006 £	Cash flow £	Non-cash changes £	31 March 2007 £
Cash at bank and in hand	524,002	(329,275)	-	194,727
Bank overdraft	(299,468)	(4,367,746)	-	(4,667,214)
	224,534	(4,697,021)	-	(4,472,487)
Debt due after one year	(6,047,005)	(251,896)	1,371,470	(4,927,431)
Debt due within one year	(2,365,347)	2,365,347	(1,371,470)	(1,371,470)
	(8,187,818)	(2,583,570)	-	(10,771,388)

26 Reconciliation of net cash flow to movement in net debt

	2007	2006
	£	£
Decrease in cash in financial year	(4,697,021)	(719,820)
Repayment of loans	2,363,451	7,233,620
New loans	(250,000)	(8,950,000)
Movement in net debt in the year	(2,583,570)	(2,436,200)
Net debt at 1 April 2006	(8,187,818)	(5,751,618)
Net debt at 31 March 2007	(10,771,388)	(8,187,818)

27 Particulars of lettings

	2007	2006
	£	£
Rent and service charges	7,675,059	6,729,998
Less: rent losses from bad debts and voids	(272,461)	(267,158)
	7,402,598	6,462,840
Grants from government departments and other agencies:		
- Special needs management allowance (interim protection)	137,579	137,579
	7,540,177	6,600,419

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

	2007				2006			
	Service income £	DSD allowances £	Operating costs £	Surplus/ (deficit) for the year £	Service income £	DSD allowances £	Operating costs £	Surplus/ (deficit) for the year £
Housing accommodation 1,599 units (2006 - 1,520 units)								
Services	1,742,400	-	1,670,512	71,888	1,619,942	-	1,454,580	165,362
Management	-	556,305	634,140	(77,835)	-	518,659	628,695	(110,036)
Maintenance	-	964,439	874,418	90,021	-	867,417	602,579	264,838
Special needs accommodation 109 units (2006 - 109 units)								
Services	520,122	-	1,554,020	(1,033,898)	338,102	-	1,196,280	(858,178)
Management	-	159,888	257,953	(98,065)	-	155,186	253,630	(98,444)
Maintenance	-	49,398	96,072	(46,674)	-	46,586	87,032	(40,446)
	2,262,522	1,730,030	5,087,115	(1,094,563)	1,958,044	1,587,848	4,222,796	(676,904)
Rent surplus fund			80,203				82,117	
Major repairs provisions			(197,529)				284,755	
			4,969,789				4,589,668	
Housing accommodation			3,009,121				3,003,549	
Special needs accommodation			1,960,668				1,586,119	
			4,969,789				4,589,668	

29 Pension commitments

The Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

Contributions during the year amounted to £56,192 (2006 - £41,073) and are charged to income and expenditure when they fall due, in accordance with SSAP 24 and FRS 17.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007 there are three benefit structures available, namely:

Final salary with a 1/60th accrual rate.

Final salary with a 1/70th accrual rate.

Career average revalued earnings with a 1/60th accrual rate.

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

The Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members and for new entrants from 1 April 2007.

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, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate

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 22 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 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2006. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,515 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £235 million, equivalent to a past service funding level of 87%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

29 Pension commitments – (Continued)

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

% pa

- Investment return pre retirement	7.2
- Investment return post retirement	4.8
- Rate of salary increases to 30 September 2010	5.0
- Rate of salary increases from 1 October 2010	4.0
- Rate of pension increases	2.5
- Rate of price inflation	2.5

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	17.6
Final salary with a 1/70 th accrual rate	15.3
Career average revalued earnings with a 1/60 th accrual rate	14.1

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

With effect from 1 April 2007 the employer and employee contribution rates for the Association will be 14.1% and between 6.4% to 8.4% of pensionable salaries respectively.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants 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.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

29 Pension commitments – (Continued)

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report will be prepared as at 30 September 2007 in line with statutory regulations.

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the 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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2005. As of this date the estimated employer debt for the Association was £1.138m.

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

30 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.

There is also a contingent liability in respect of one of the Association's schemes whereby Housing Association Grant may be repayable if this scheme is removed from Social Housing subject to ongoing negotiations with the Department. Should this grant be repaid it would not have a significant effect on the Association's balance sheet.

31 Capital commitments - Housing Properties

	2007	2006
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	13,920,323	22,237,636

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.

32 Financial commitments

At 31 March 2007 the company had an annual commitment under a non-cancellable operating lease expiring as follows:

	Property 2007 £	Property 2006 £
After five years	114,856	114,856

33 Related party disclosures

Details of the Association's subsidiaries are disclosed in Note 12. 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:

	2007 £	2006 £
Amounts owed by subsidiary undertaking		
Clanmil Properties Limited	19,334	21,459
Amounts owed by related undertaking		
Clanmil Housing Association Ireland Limited	60,944	28,512

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

	2007 £	2006 £
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	2,499	2,310
Gift aid donation from Clanmil Properties Limited to Clanmil Housing Association Limited	19,334	21,111
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	26,410	27,224
Unsecured loan advanced by/(repaid to) Clanmil Housing Association Limited to/(by) Clanmil Housing Association Ireland Limited	5,848	1,227
Loan interest charged by Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	174	479