

Clanmil Housing Association Limited
Annual Statement of Accounts
for the year ended 31 March 2009

Clanmil Housing Association Limited

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Board of Management and advisers

Board of Management

G Rice MBE BSc MBIC Sc (Chair)
J Baird MSc FCIH (Vice Chair)
J Browne BA DipM MCIM
G Cunningham IAM
J Ebbage LL.B (Hons) CPLS
CT Hogg MBE UD JP DL
G Johnston MA (Oxon) (resigned 25 June 2008)
S Kirkwood OBE TD MICE
W Linton (co-opted)
D Long (co-opted)
M O'Boyle CQSW ASW (co-opted)
J O'Brien (co-opted)
C Ramsey BSc (Hons) Dip TP Dip BA MRTPI (co-opted)
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

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Report of the Board of Management for the year ended 31 March 2009

The Board of Management present their report and the audited financial statements for the year ended 31 March 2009.

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 182 staff.

Clanmil Housing provides affordable housing in Northern Ireland and 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 housing accommodation for those in need 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).

Report of the Board of Management for the year ended 31 March 2009 (continued)

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-aware 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;
- The availability and cost of private finance; and
- The effect of reducing grant rates on the ability to develop financially viable schemes.

Performance in the year ended 31 March 2009

During the year the number of homes in management increased by 114 to 2,081. There were 176 units under development at 31 March 2009.

£23.943 million was spent on the development of housing properties during the year, and funding from Housing Association Grant of £18.476 million was received.

Turnover increased by 7% from £8.782 million in 2007/08 to £9.408 million.

The Association's annual review of rental charges at April 2008 resulted in a 3.55% increase in rents.

Operating costs of £6.583 million represent 70% of turnover as compared to 68% in 2007/08.

The surplus for the year was £2.068 million, before transfers to designated reserves, showing an increase of £429k over 2007/08.

Improved efficiency is a key component of the Association's business planning and risk management processes. Under the guidelines for measuring efficiency as set by the Office of the Deputy Prime Minister for the housing sector we achieved an efficiency gain of £933k for the 2008/09 financial year representing approximately 13% of 2007/08 actual costs. This has arisen primarily from an exceptional reduction in financing costs despite a significant increase in the average level of net debt throughout the year.

The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £234k. 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 £7.854 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 £93k 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 2010

The Association expects further expansion in 2009/10 as a result of a significant ongoing development programme with turnover projected to increase by around 17% to approximately £11.0 million.

It is planned that 263 additional units of housing will be completed during the year increasing total stock to 2,344 units.

£6.904 million of expenditure re the ongoing programme of major repairs and improvements to properties is anticipated in the year.

Report of the Board of Management for the year ended 31 March 2009 (continued)

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 2009 the Association had loans outstanding of £18.856 million, representing an increase in the loan portfolio of £1.352 million over 31 March 2008.

The Association was fully compliant with loan covenants during the year. The interest cover ratio for the year of 3.88 and the adjusted net leverage ratio as at 31 March 2009 of 10.93% 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.

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 2009 the Association had available loan facilities agreed with Banks but undrawn of £22.6 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.

The DSD issued its inspection report on the Association in January 2008 covering four main areas of operations. A four tier grading system has been adopted to reflect the assessment of unacceptable, acceptable, good or exemplary. The individual assurance rating attained by the Association are as follows:

Area of operations:	Grading:
Financial Management	Exemplary
Corporate Governance	Good
Property Management	Exemplary
Property Development	Acceptable
Overall	Good

Report of the Board of Management for the year ended 31 March 2009 (continued)

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.

Report of the Board of Management for the year ended 31 March 2009 (continued)

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, Mr Browne, Ms Cunningham, Mr Kirkwood and Ms Shiells 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
Date:

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 2009 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

The Board's responsibility for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the 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 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 report to you whether, in our opinion the report of the Board of Management is not consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Board of management and advisers on page 1, the Report of the Board of Management and all other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Auditors' report to the shareholders 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 2009 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

Date:

Income and expenditure account for the year ended 31 March 2009

	Notes	2009 £	2008 £
Turnover	2	9,407,516	8,781,920
Operating costs	3	(6,583,338)	(5,930,542)
Operating surplus	4	2,824,178	2,851,378
Surplus arising from sales of housing property	7	92,941	116,144
Sales of other fixed assets		5,679	-
Transfer to disposal proceeds fund	7	(123,511)	(152,808)
Interest receivable and similar income	8	29,610	43,294
Interest payable and similar charges	9	(760,447)	(1,218,674)
Surplus on ordinary activities		2,068,450	1,639,334
Less: transfer to designated reserves			
- major repairs	20	(1,665,153)	(695,043)
- cyclical maintenance	20	20,037	20,426
- furniture	20	(234,605)	-
- bequests	20	(3,910)	(6,222)
Retained surplus for the year		184,819	958,495
Retained surplus brought forward		8,656,304	7,697,809
Retained surplus carried forward		8,841,123	8,656,304

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 2009

	Notes	2009 £	2008 £
Fixed assets			
Housing properties - depreciated cost	10	173,533,072	153,300,056
Less: Housing Association Grant and other grants	10	(130,425,697)	(114,498,048)
		43,107,375	38,802,008
Other tangible fixed assets	11	1,870,968	1,858,586
Investments	12	2	2
		44,978,345	40,660,596
Current assets			
Debtors	13	713,434	5,138,653
Cash at bank and in hand		1,777,431	270,929
		2,490,865	5,409,582
Creditors: amounts falling due within one year	14	(12,302,144)	(13,648,202)
Net current liabilities		(9,811,279)	(8,238,620)
Total assets less current liabilities		35,167,066	32,421,976
Creditors: amounts falling due after more than one year			
	15	18,472,220	17,592,186
Provisions for liabilities	17	-	203,394
		18,472,220	17,795,580
Capital and reserves			
Called up share capital	18	21	21
Capital reserve	19	6	6
Designated reserves	20	7,853,696	5,970,065
Revenue reserve		8,841,123	8,656,304
Total funds	23	16,694,846	14,626,396
		35,167,066	32,421,976

The financial statements on pages 9 to 29 were approved by the Board of Management on its behalf by:

and were signed on

G Rice
Chair

C T Hogg
Board Member

Cash flow statement for the year ended 31 March 2009

	Notes	2009 £	2008 £
Net cash inflow from operating activities	24	3,035,147	2,895,220
Returns on investments and servicing of finance			
Interest received		39,637	39,372
Interest paid		(1,019,968)	(955,481)
		(980,331)	(916,109)
Capital expenditure			
Purchase and development of housing properties		(24,368,615)	(26,731,682)
Housing Association Grant and other grants		18,426,458	18,091,334
Voluntary Purchase Grant		-	40,517
Purchase of other tangible assets		(145,143)	(33,102)
Receipts from disposal of housing properties		3,587,116	99,654
		(2,500,184)	(8,533,279)
Financing			
Loan advance		28,300,000	25,340,000
Loan principal repayments		(26,948,023)	(14,134,856)
Allotment of shares		-	1
		1,351,977	11,205,145
Increase in cash in the year	25 - 26	906,609	4,650,977

Notes to the financial statements for the year ended 31 March 2009

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

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.

Notes to the financial statements for the year ended 31 March 2009 (continued)

1 Accounting policies (continued)

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.

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 designated reserve 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.

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

	2009	2008
	£	£
Direct costs	5,187,901	4,821,493
Administrative expenses	1,414,711	1,230,255
Other operating income	(19,274)	(121,206)
	6,583,338	5,930,542

Notes to the financial statements for the year ended 31 March 2009 (continued)

4 Operating surplus

	2009	2008
	£	£
This is stated after charging/(crediting):		
Staff costs (note 5)	2,608,669	2,358,733
Depreciation	376,191	355,999
Release of capital grant	(777)	(777)
Auditors' remuneration		
– audit services	7,500	9,048
– non-audit services	1,824	25,800

5 Employee information

	2009	2008
	£	£
Staff costs		
Wages and salaries	2,342,648	2,120,278
Social security costs	176,491	159,047
Other pension costs	89,530	79,408
	2,608,669	2,358,733

	Number	Number
Average monthly number of persons employed by the Association during the year by activity		
Administration	56	52
Scheme co-ordinators and ancillary staff	69	65
Special needs	57	57
	182	174

6 Directors' emoluments

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

	2009	2008
	£	£
Aggregate emoluments	87,815	74,842
Pension contributions to money purchase schemes	9,360	8,026
	97,175	82,868

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

Notes to the financial statements for the year ended 31 March 2009 (continued)

7 Transfer to disposal proceeds fund

	2009	2008
	£	£
Proceeds of disposal	92,941	116,144
Notional interest	32,168	36,852
Depreciation on properties disposed	(1,598)	(188)
Transfer to disposal proceeds fund (note 15)	123,511	152,808

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

	2009	2008
	£	£
Interest receivable	29,610	43,294

9 Interest payable and similar charges

	2009	2008
	£	£
Housing property loans	955,339	893,758
Other loans	-	88,476
Interest payable to DSD re HAG received in advance	(197,474)	233,842
Bank interest and charges	2,582	2,598
	760,447	1,218,674

Notes to the financial statements for the year ended 31 March 2009 (continued)

10 Tangible fixed assets - housing properties

	2009	2008
	£	£
Cost		
At 1 April 2008	154,711,290	128,490,656
Additions	24,020,049	26,345,420
Disposals	(3,545,201)	(124,786)
At 31 March 2009	175,186,138	154,711,290
Housing Association Grant and other grants		
At 1 April 2008	114,498,048	97,279,132
Additions	18,492,117	17,308,461
Disposals	(2,564,468)	(89,545)
At 31 March 2009	130,425,697	114,498,048
Depreciation		
At 1 April 2008	1,411,234	1,183,259
Charge for the year	243,430	228,163
Disposals	(1,598)	(188)
At 31 March 2009	1,653,066	1,411,234
Net book value comprises		
- Freehold property	27,038,498	24,050,188
- Long leasehold property	16,068,877	14,751,820
	43,107,375	38,802,008
Net book value comprises:		
- Completed schemes	39,728,059	37,128,623
- Properties under construction	3,379,316	1,673,385
	43,107,375	38,802,008

Notes to the financial statements for the year ended 31 March 2009 (continued)

11 Other tangible fixed assets

	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2008	2,191,979	564,285	7,600	42,731	2,806,595
Additions	375	84,138	-	60,630	145,143
Disposals	-	(54,918)	-	(42,731)	(97,649)
At 31 March 2009	2,192,354	593,505	7,600	60,630	2,854,089
Depreciation					
At 1 April 2008	479,397	418,281	7,600	42,731	948,009
Charge for year	58,520	66,089	-	8,152	132,761
Disposals	-	(54,918)	-	(42,731)	(97,649)
At 31 March 2009	537,917	429,452	7,600	8,152	983,121
Net book value					
At 31 March 2009	1,654,437	164,053	-	52,478	1,870,968
At 31 March 2008	1,712,582	146,004	-	-	1,858,586

12 Investments

	2009 Subsidiary Undertaking £	2008 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.

The Association also owns Skerry Court Management Services Limited which was dormant throughout the year and has a carrying value of £Nil (2008: £nil).

13 Debtors

	2009 £	2008 £
Amounts owed by NIHE re Housing Benefit and Supporting People funding	103,977	103,328
Other rental debtors	75,909	101,144
Housing Association Grant	156,090	4,114,481
Amounts owed by subsidiary undertaking	27,367	25,357
Amounts owed by related undertaking	80,946	113,397
Other debtors	109,555	473,926
Prepayments and accrued income	159,590	207,020
	713,434	5,138,653

Notes to the financial statements for the year ended 31 March 2009 (continued)

14 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank overdraft	692,332	92,439
Bank loans (Note 16)	600,276	452,811
DSD loans (Note 16)	59,845	53,817
Housing Association Grant in advance	7,809,782	8,713,246
Deferred historic building grant	31,215	31,992
Other creditors including tax and social security	600,971	895,480
Services equalisation account	313,344	431,613
Accruals and deferred income	1,949,768	2,436,132
Disposal proceeds fund	244,611	540,672
	12,302,144	13,648,202

15 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Bank loans (Note 16)	17,164,968	15,906,639
DSD loans (Note 16)	1,030,933	1,090,778
Disposal proceeds fund	276,319	594,769
	18,472,220	17,592,186

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

16 Loans

	2009	2008
	£	£
Bank loans - Housing property and other loans		
Less than one year, or on demand (Note 14)	600,276	452,811
Between one and two years	1,143,746	620,275
Between two and five years	3,674,944	3,196,563
After more than five years	12,346,278	12,089,801
	17,765,244	16,359,450

Security

The Northern Bank holds a mortgage over Northern Whig House as security for its variable rate bank loan.

The Bank of Ireland, First Trust and Barclays loans are secured by way of mortgages upon the deeds of the related housing properties and bear interest at fixed and variable rates.

Notes to the financial statements for the year ended 31 March 2009 (continued)

16 Loans (continued)

	2009 £	2008 £
Department for Social Development - Housing Property Loans		
Less than one year (Note 14)	59,845	53,817
Between one and two years	66,569	59,845
Between two and five years	195,193	223,085
After more than five years	769,171	807,848
	1,090,778	1,144,595

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 scheme furniture replacement £	Total £
At 1 April 2008	203,394	203,294
(Released)/charged to income and expenditure account	(203,394)	(203,394)
Expenditure during the year	-	-
At 31 March 2009	-	-

18 Called up share capital

	2009 £	2008 £
Ordinary shares of £1 each, fully paid		
At 1 April 2008	21	20
Allotted during the year	-	1
Transfer to capital reserve	-	-
At 31 March 2009	21	21

19 Capital reserve

	2009 £	2008 £
At 1 April 2008	6	6
Transfer from share capital	-	-
At 31 March 2009	6	6

Notes to the financial statements for the year ended 31 March 2009 (continued)

20 Designated reserves

	Major repairs £	Cyclical repairs £	Furniture replacement £	Bequests £	Total £
At 1 April 2008	5,340,708	598,208	-	31,149	5,970,065
Appropriations from revenue reserve:					
- transfer from rent surplus fund	306,954	-		-	306,954
- provided	1,554,465	273,102	272,769	-	2,100,336
- expenditure on repairs	(196,266)	(293,139)	(38,164)	-	(527,569)
- interest and other income received	-	-	-	3,910	3,910
Sub-total	1,665,153	(20,037)	234,605	3,910	1,883,631
At 31 March 2009	7,005,861	578,171	234,605	35,059	7,853,696

21 Rent surplus fund

	2009 £	2008 £
Net relevant income	383,693	423,628
Appropriation to major repairs reserve	(306,954)	(338,903)
Retained in revenue reserve	(76,739)	(84,725)
	-	-

Clanmil Housing Association Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

22 Turnover, operating surplus and surplus for the year

	Turnover £	Operating costs £	Operating surplus £	Interest receivable £	Interest payable £	2009 Surplus for the year	Turnover £	Operating surplus £	2008 Surplus for the year £
Income and expenditure from lettings									
Housing accommodation	7,551,322	(4,856,848)	2,694,474	-	(757,865)	1,936,609	6,832,603	2,695,559	1,567,959
Special needs accommodation	1,641,162	(1,511,458)	129,704	-	-	129,704	1,653,282	155,819	155,819
	9,192,484	(6,368,306)	2,824,178	-	(757,865)	2,066,313	8,485,885	2,851,378	1,723,778
Other income and expenditure	215,032	(215,032)	-	-	-	-	296,035	-	-
Total	9,407,516	(6,583,338)	2,824,178	-	(757,865)	2,066,313	8,781,920	2,851,378	1,723,778
Interest receivable	-	-	-	29,610	-	29,610	-	-	43,294
Interest payable	-	-	-	-	(2,582)	(2,582)	-	-	(91,074)
	9,407,516	(6,583,338)	2,834,178	29,610	(760,447)	2,093,341	8,781,920	2,851,378	1,675,998
Surplus arising from sales of other fixed assets	5,679	-	-	-	-	5,679	-	-	-
Surplus arising from sales of housing property	92,941	-	-	-	-	92,941	116,144	-	116,144
Transfer to disposal proceeds fund	(123,511)	-	-	-	-	(123,511)	(152,808)	-	(152,808)
	9,382,625	(6,583,338)	2,824,178	29,610	(760,447)	2,068,450	8,745,256	2,851,378	1,639,334

Notes to the financial statements for the year ended 31 March 2009 (continued)

23 Reconciliation of movements in funds

	2009	2008
	£	£
Surplus on ordinary activities	2,068,450	1,639,334
New share capital issued	-	1
Net movement during year	2,068,450	1,639,335
Opening funds	14,626,396	12,987,061
Closing funds	16,694,846	14,626,396

24 Net cash inflow from operating activities

	2009	2008
	£	£
Operating surplus	2,824,178	2,851,378
Movement in service charges equalisation account	(118,269)	25,382
Depreciation charge	376,191	355,999
Release of capital grant	(777)	(777)
Surplus on disposal of fixed assets	5,679	-
Impairment	-	11,025
Decrease in provisions for liabilities and charges	(203,394)	(94,431)
Decrease/(increase) in debtors	324,325	(211,210)
Decrease in creditors	(172,786)	(42,146)
Net cash inflow from operating activities	3,035,147	2,895,220

25 Analysis of net debt

	1 April 2008 £	Cash flow £	Non-cash changes £	31 March 2009 £
Cash at bank and in hand	270,929	1,506,502	-	1,777,431
Bank overdraft	(92,439)	(599,893)	-	(692,332)
	178,490	906,609	-	1,085,099
Debt due after one year	(16,997,417)	(1,858,605)	660,121	(18,195,901)
Debt due within one year	(506,628)	506,628	(660,121)	(660,121)
	(17,325,555)	(445,368)	-	(17,770,923)

Notes to the financial statements for the year ended 31 March 2009 (continued)

26 Reconciliation of net cash flow to movement in net debt

	2009	2008
	£	£
Increase in cash in financial year	906,609	4,650,977
Repayment of loans	26,948,023	14,134,856
New loans	(28,300,000)	(25,340,000)
Movement in net debt in the year	(445,368)	(6,554,167)
Net debt at 1 April 2008	(17,325,555)	(10,771,388)
Net debt at 31 March 2009	(17,770,923)	(17,325,555)

27 Particulars of lettings

	2009	2008
	£	£
Rent and service charges	9,433,479	8,571,556
Less: rent losses from bad debts and voids	(378,574)	(225,896)
	9,054,905	8,345,660
Grants from government departments and other agencies:		
- Special needs management allowance (interim protection)	137,579	140,225
	9,192,484	8,485,885

Clanmil Housing Association Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

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

	2009				2008			
	Service income £	DSD allowances £	Operating costs £	Surplus/ (deficit) for the year £	Service income £	DSD allowances £	Operating costs £	Surplus/ (deficit) for the year £
Housing accommodation 1,972 units (2008 - 1,858 units)								
Services	1,792,065	-	1,932,265	(140,200)	1,764,692	-	1,728,574	36,118
Management	-	697,958	746,449	(48,491)	-	623,056	656,346	(33,290)
Maintenance	-	1,240,360	1,063,312	177,048	-	1,116,266	819,379	296,887
Special needs accommodation 109 units (2008 - 109 units)								
Services	560,683	-	1,083,516	(522,833)	568,858	-	1,134,234	(565,376)
Management	-	160,713	283,569	(122,856)	-	162,805	264,754	(101,949)
Maintenance	-	53,627	100,554	(46,927)	-	51,427	116,963	(65,536)
	2,352,748	2,152,658	5,209,665	(704,259)	2,333,550	1,953,554	4,720,250	(433,146)
Rent surplus fund			76,739				84,725	
Major repairs provisions			1,741,892				879,550	
			7,028,296				5,684,525	
Housing accommodation			5,510,059				4,118,122	
Special needs accommodation			1,518,237				1,566,403	
			7,028,296				5,684,525	

Notes to the financial statements for the year ended 31 March 2009 (continued)

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".

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 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 for active members and new entrants.

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 14.1%. Member contributions varied between 6.4% and 8.4% dependent on their age.

As at the balance sheet date there were 23 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £574,912. The Association continues to offer membership of the Scheme to its employees.

It is not possible to analyse the on-going funding deficit by individual employer due to the nature of the SHPS Scheme. SHPS is a multi-employer scheme where:

- The scheme assets are co-mingled for investment purposes.
- Benefits are paid from the total scheme assets. And
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience.

Notes to the financial statements for the year ended 31 March 2009 (continued)

29 Pension commitments (continued)

As a result of this it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer.

By contrast, the employer debt calculation is a statutory calculation based on individual employer liabilities and total scheme assets, i.e. it does not require a breakdown of assets by individual employer.

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 Association has subsequently been notified of the preliminary results of the triennial valuation carried out on 30 September 2008. This indicates an increase in the assets of the Scheme to £1,527 million and an increase in the shortfall of assets compared with liabilities to £663 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 2009, and any consequent changes to contribution rates applied from 1 April 2010. The following notes therefore relate to the formal valuation of September 2005.

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 valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2013 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non- pensioners	20.4	23.3
Pensioners	19.4	22.4

Notes to the financial statements for the year ended 31 March 2009 (continued)

29 Pension commitments (continued)

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

The long-term joint contribution rates required from employers and members where contributions are set their on an age related basis are:

Age	Under 30	30 - 40	Over 40
	Long-term joint contribution rate (% of pensionable salaries)		
Benefit structure			
Final salary with a 1/60 th accrual rate	16.1	17.1	18.1
Final salary with a 1/70 th accrual rate	13.8	14.8	15.8
Career average revalued earnings with a 1/60 th accrual rate	12.6	13.6	14.6

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.

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.

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

Notes to the financial statements for the year ended 31 March 2009 (continued)

29 Pension commitments (continued)

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 and the results will be available late June 2009.

As a result of pension scheme legislation 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 31 March 2007. As of this date the estimated employer debt for the Association was £1,053,000.

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.

31 Capital commitments - Housing Properties

	2009	2008
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	10,561,646	13,300,538

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.

Notes to the financial statements for the year ended 31 March 2009 (continued)

32 Financial commitments

At 31 March 2009 the company had an annual commitment under a non-cancellable operating lease expiring as follows:

	Property 2009 £	Property 2008 £
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:

	2009 £	2008 £
Amounts owed by subsidiary undertaking		
Clanmil Properties Limited	27,367	25,357
Amounts owed by related undertaking		
Clanmil Housing Association Ireland Limited	80,946	113,397

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

	2009 £	2008 £
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		2,583
Gift aid donation from Clanmil Properties Limited to Clanmil Housing Association Limited	26,687	22,774
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	27,406	26,504
Unsecured loan advanced by/(repaid to) Clanmil Housing Association Limited to/(by) Clanmil Housing Association Ireland Limited	(6,906)	25,257
Loan interest charged by Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	413	692