Registered no: IP000136

Clanmil Housing Association Limited

Annual Statement of Accounts

for the year ended 31 March 2012

Clanmil Housing Association Limited

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Board of Management and advisers

Board of Management

J Baird MSc FCIH (Chair)
J Ebbage LL.B (Hons) CPLS (Vice Chair)
S Amos BA ACIB (co-opted 11th May 2011)
P Anderson CFIIA MBA (co-opted)
J Browne BA DipM GInstM
G Cunningham-Carmichael BSc Hons (Open) (deceased 29th September 2011)
J Gill (co-opted 30th November 2011)
CT Hogg MBE UD JP DL
S Kirkwood OBE TD MICE
D Long (co-opted)
M O'Boyle CQSW ASW
J O'Brien Retired Brig Gen (co-opted)
C Ramsey BSc (Hons) Dip TP Dip BA MRTPI (co-opted)
D Reid LL.B FCA (appointed 12th October 2011)
G Rice MBE BSc MBIC Sc (resigned 4th February 2012)
J Scott LL.B (Hons) (co-opted 30th November 2011)
M Shiells JP

Chief Executive and Company 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. IP000136

Solicitors

Harrisons
15-17 Chichester Street
Belfast
BT1 4JB

Bankers

Northern Bank Limited
Donegall Square West
Belfast
BT1 6SJ

Independent auditors

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

Report of the Board of Management for the year ended 31 March 2012

The Board of Management present their report and the audited financial statements for the year ended 31 March 2012 of Clanmil Housing Association Limited (the "Association") and its subsidiaries (the "Group").

Principal activities

The Group is a leading provider of affordable housing, providing both general and specialised housing.
It aims 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 Group. The day to day management of operations is delegated to the Chief Executive and the Management Team. The Group employs 218 staff.

Clanmil Housing Association Limited provides affordable housing in Northern Ireland and is the controlling member of the Group.
Clanmil Housing Association Ireland Limited provides housing accommodation for those in need in the Republic of Ireland.
Clanmil Developments Limited provides property development services to assist the Association in delivering its social housing development programme.
Clanmil Properties Limited manages commercial property rentals and provides services to property management companies and other Housing Associations.
Milbreen Limited is currently dormant but has the intention of developing affordable housing for sale.

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

It strives 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 the core business areas the Board has set a number of key performance indicators - these include rent arrears, voids, customer satisfaction, growth, maintenance repair times, staff turnover and financial stability.

In challenging operating conditions, the Association has achieved the following key performance indicators:-
Gearing ratio 17% (target 26%)
Liquidity ratio 36% (target 150%)
Interest cover 2.4 (target 1.4)
Housing schemes non-technical arrears 10.0% (target 6.5%)
Housing schemes voids 2.8% (target 2.3%)
Response maintenance within timescale 94% (target 96%)
Staff turnover 13% (target 14%)
Tenant satisfaction (fairly or very satisfied) 81% (target 80%)

The management of financial resources is critical to the Group's ability to meet its objectives. Whilst the two registered Housing Associations in the Group have 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 Group which enable its primary 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 Group's objectives; and
- An ability to deliver the social housing development programme.

Report of the Board of Management for the year ended 31 March 2012

Status

Clanmil Housing Association Limited is registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 (No. IP000136) and is a Registered Housing Association.
The Association is a registered charity (Charity No. XR 43042).
Clanmil Housing Association Ireland Limited has approved status under Section 6 of the Housing (Miscellaneous Provisions) Act, 1992 for the purposes of voluntary housing. The Association in Ireland is a registered charity (Charity No. CHY 14478).

Risk Management

Responsibility for the identification of risks is clearly defined and operates through a rolling risk assessment process. Key risks facing the Group 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 Group over the next year are:

- Increasing customer demands/expectations including the need to deal with anti-social behaviour;
- Housing policy and planning issues;
- Limits on Supporting People and other revenue funding;
- Issues arising from public procurement policy and legislation;
- Rationalisation of the social housing sector in Northern Ireland;
- The impact of welfare reform
- The availability and cost of private finance; and
- The effect of reducing grant rates on the ability to develop financially viable schemes in Northern Ireland.

Performance in the year ended 31 March 2012

The Association merged with Dungannon and District Housing Association on 11th November 2011.

During the year the number of homes in management in the Group increased by 617 (24%) to 3,211, including 418 homes arising from the merger with Dungannon and District Housing Association.

There were 519 units under development by the Group at 31 March 2012.

£24.269 million was spent on the development of housing properties during the year by the Association, partially funded by Housing Association Grant of £12.665 million.

Turnover for the Group increased by 15% from £11.864 million in 2010/11 to £13.665 million.
The Association's annual review of rental charges at April 2011 resulted in a 5.1% increase in the majority of rents.

Group operating costs of £9.904 million represent 72% of turnover (67% in 2010/11).

The surplus for the Group for the financial year was £1.551 million, before transfers to designated reserves, showing a decrease of £332K over 2010/11. This includes a deficit arising from the disposal of housing properties by the Association of £142K which primarily relates to building components replaced during planned maintenance works. The Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock. During the year the Group carried out a review of the remaining useful lives of its housing stock and this has resulted in a significant increase in the depreciation charge on housing properties from £446K in 2010/11 to £1.672 million. This level of deprecation charge will be a feature of future years' results and is likely to lead to similarly reduced levels of surplus.

A significant increase in loan interest payable has also contributed to a decline in the level of surplus for the year. Net financing costs increased from £1.409 million in 2010/11 to £2.013 million, reflecting an increase in the level of debt throughout the year and an increase in the effective interest rate arising from the utilisation of longer term fixed rate debt.

The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £425K. 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 £11.269 million demonstrating the Group's overall capacity to meet its future major repairs and cyclical maintenance commitments.

Expected performance in the year ending 31 March 2013

The Group expects further expansion in 2012/13 as a result of a significant ongoing development programme with turnover projected to increase by around 25% to approximately £17 million. The indicative social housing development programme in Northern Ireland shows an allocation to the Association of 537 units to be acquired or start on site in 2012/13.

It is planned that approximately 500 additional units of housing will be completed during the year increasing the total stock owned or managed by the Group to approximately 3,700 units.

£2.7 million of expenditure regarding the ongoing programme of major repairs and improvements to properties is anticipated in the year.

The Group operates in a highly regulated environment which can result in associated cost pressures and constraints on income streams. It 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 Group's treasury management policy facilitates the effective management of cash flows, borrowings, investments and the risks associated with these activities.

At 31 March 2012 the Association had loans outstanding of £48.082 million, representing an increase in the loan portfolio of £10.120 million over 31 March 2011.

The Group was fully compliant with loan covenants during the year.

The Association's interest cover ratio for the year of 2.40 and the adjusted net leverage ratio as at 31 March 2012 of 16.81% comfortably exceed the Association's primary lenders' 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. The Association's effective interest rate in 2010/11 was 4.27%. An analysis of the average cost of funds in 2010/11 of the 130 largest Housing Associations in the UK showed a range from 2.20% to 8.98%, with the average being 4.66% (www.social housing.co.uk). The effective interest rate in 2011/12 increased very slightly to 4.29%. When compared against the 2010/11 benchmark of the largest Associations performance in 2011/12 is considered to be good.

Liquidity risk

The Group 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 2012 the Association had available loan facilities agreed with Banks which comfortably meet its short and medium term cash flow planning requirements.

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 full inspection review report on the Association in August 2010 covering four main areas of operations. A four tier scoring mechanism has been adopted to reflect the assessment of substantial assurance, satisfactory assurance, limited assurance and no assurance. The individual assurance ratings attained are as follows:

Area of operations:	**Rating:**
Financial Management	Substantial Assurance
Corporate Governance	Substantial Assurance
Property Management	Substantial Assurance
Property Development	Substantial Assurance
Overall rating	Substantial Assurance

The DSD issued a further "targeted" inspection review report on the Association in March 2012 regarding Organisational Structure and Property Development. The assurance rating attained was Substantial Assurance.

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.

Charitable donations

Donations totalling £384 (2011: £1,346) were made by the Group during the year. No donations for political purposes were made during the year (2011:£nil).

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

The Industrial and Provident Societies Act 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 Group and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act (Northern Ireland) 1969 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 and Group'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 and Group's auditors are aware of that information.

Internal Control

The Board of Management has overall responsibility for the Association and Group'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 2.

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, Mr Kirkwood and Mrs Shiells are due to retire by rotation and are not eligible for re-appointment.

Independent 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
Company Secretary
6 June 2012

Independent auditors' report to the members of Clanmil Housing Association Limited

We have audited the financial statements (the ''financial statements'') of Clanmil Housing Association Limited for the year ended 31 March 2012 which comprise the Group Income and Expenditure Account and Association Income and Expenditure Account, the Group Balance Sheet and Association Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of the responsibilities of the members of the Board of Management set out on page 6, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the group's and association's members as a body in accordance with section 43 of the Industrial and Provident Societies Act (Northern Ireland) 1969 and article 19 of The Housing (Northern Ireland) Order 1992 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and association's affairs as at 31 March 2012 and the group's and association's income and expenditure and group's cash flows for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Act (Northern Ireland) 1969 and the Registered Housing Associations (Accounting Requirements) Order (Northern Ireland) 1993.

Independent auditors' report to the members of Clanmil Housing Association Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Act (Northern Ireland) 1969 requires us to report to you if, in our opinion:

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

Martin Pitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
6 June 2012

Clanmil Housing Association Limited

Group income and expenditure account for the year ended 31 March 2012

	Note	**2012** £	2011 £
Turnover	2	**13,664,987**	11,863,754
Operating costs	3	**(9,903,789)**	(7,950,566)
Operating surplus	4	**3,761,198**	3,913,188
Deficit arising from disposals of other fixed assets		**(2,615)**	-
Deficit arising from disposals of housing property		**(142,139)**	(620,716)
Transfer to disposal proceeds fund	7	**(53,111)**	-
Interest receivable and similar income	8	**52,546**	219,087
Interest payable and similar charges	9	**(2,065,175)**	(1,628,525)
Surplus on ordinary activities		**1,550,704**	1,883,034
Less: transfer to designated reserves			
- major repairs	20	**(409,452)**	(1,092,123)
- cyclical maintenance	20	**(80,004)**	146,857
- furniture	20	**(21,184)**	(9,250)
- bequests	20	**(4,011)**	(708)
Retained surplus for the financial year before transfers and foreign exchange translation movements		**1,036,053**	927,810
Transfer to mortgage amortisation reserves	19	**(417,158)**	(349,982)
Foreign exchange translation movements		**24,509**	-
Retained surplus for the financial year		**643,404**	577,828
Retained surplus brought forward		**10,270,579**	9,692,751
Retained surplus carried forward		**10,913,983**	10,270,579

All amounts above relate to continuing operations of the Group.

The Group 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.

Association income and expenditure account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	**12,955,690**	11,329,823
Operating costs	3	**(9,441,624)**	(7,694,279)
Operating surplus	4	**3,514,066**	3,635,544
Deficit arising from disposals of other fixed assets		**(2,615)**	-
Deficit arising from disposals of housing property		**(142,139)**	(620,716)
Transfer to disposal proceeds fund	7	**(53,111)**	-
Interest receivable and similar income	8	**52,546**	219,087
Interest payable and similar charges	9	**(2,062,476)**	(1,620,829)
Surplus on ordinary activities		**1,306,271**	1,613,086
Less: transfer to designated reserves			
- major repairs	20	**(349,229)**	(1,020,402)
- cyclical maintenance	20	**(81,042)**	145,839
- furniture	20	**(21,184)**	(9,250)
- bequests	20	**(4,011)**	(708)
Retained surplus for the financial year		**850,805**	728,565
Retained surplus brought forward		**10,581,774**	9,853,209
Retained surplus carried forward		**11,432,579**	10,581,774

All amounts above relate to continuing operations of the Association.

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

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

Clanmil Housing Association Limited

Group balance sheet as at 31 March 2012

	Note	**2012** £	2011 £
Fixed assets			
Housing properties - depreciated cost	10	**293,116,792**	244,265,964
Less: Housing Association Grant and other grants	10	**(210,118,806)**	(176,790,149)
		82,997,986	67,475,815
Other tangible fixed assets	11	**1,959,572**	1,704,399
		84,957,558	69,180,214
Current assets			
Debtors	13	**7,850,350**	9,349,740
Cash at bank and in hand		**1,362,015**	9,485,269
		9,212,365	18,835,009
Creditors: amounts falling due within one year	14	**(24,913,331)**	(17,932,305)
Net current (liabilities)/assets		**(15,700,966)**	902,704
Total assets less current liabilities		**69,256,592**	70,082,918
Creditors: amounts falling due after more than one year	15	**44,800,223**	47,059,318
Capital and reserves			
Called up share capital	17	**20**	21
Capital reserve	18	**8**	6
Designated reserves	20	**11,268,617**	10,774,991
Mortgage amortisation reserve	19	**2,273,741**	1,978,003
Revenue reserve		**10,913,983**	10,270,579
Total funds	22	**24,456,369**	23,023,600
		69,256,592	70,082,918

The financial statements on pages 10 to 35 were approved by the Board of Management on 6 June 2012 and were signed on its behalf by:

D Reid
Chair of Finance Committee

Association balance sheet as at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Housing properties - depreciated cost	10	**281,301,718**	231,482,107
Less: Housing Association Grant and other grants	10	**(210,118,806)**	(176,790,149)
		71,182,912	54,691,958
Other tangible fixed assets	11	**1,956,139**	1,700,844
Investments	12	**5,002**	5,001
		73,144,053	56,397,803
Current assets			
Debtors	13	**7,620,809**	9,358,326
Cash at bank and in hand		**1,180,984**	9,368,916
		8,801,793	18,727,242
Creditors: amounts falling due within one year	14	**(24,631,651)**	(17,841,776)
Net current (liabilities)/assets		**(15,829,858)**	885,466
Total assets less current liabilities		**57,314,195**	57,283,269
Creditors: amounts falling due after more than one year	15	**35,002,202**	36,277,548
Capital and reserves			
Called up share capital	17	**20**	21
Capital reserve	18	**8**	6
Designated reserves	20	**10,879,386**	10,423,920
Revenue reserve		**11,432,579**	10,581,774
Total funds	22	**22,311,993**	21,005,721
		57,314,195	57,283,269

The financial statements on pages 10 to 35 were approved by the Board of Management on 6 June 2012 and were signed on its behalf by:

D Reid
Chair of Finance Committee

Group cash flow statement for the year ended 31 March 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	23	**5,505,473**	4,654,631
Returns on investments and servicing of finance			
Interest received		**84,843**	189,216
Interest paid		**(2,040,351)**	(1,393,351)
		(1,955,508)	(1,204,135)
Capital expenditure			
Net assets acquired on merger		**(6,400,000)**	-
Purchase and development of housing properties		**(24,107,611)**	(24,315,223)
Housing Association Grant and other grants		**8,915,455**	16,415,905
Voluntary Purchase Grant		**21,000**	-
Receipts from disposal of housing properties		**277,653**	-
Purchase of other tangible assets		**(108,997)**	(40,438)
		(21,402,500)	(7,939,756)
Acquisitions and disposals	32	**18,634**	-
Financing			
Loan advances		**11,900,000**	32,786,676
Loan principal repayments		**(2,189,354)**	(24,331,708)
Allotment of shares		**1**	-
		9,710,647	8,454,968
(Decrease)/increase in cash in the year	24 - 25	**(8,123,254)**	3,965,708

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.

Basis of consolidation

The group income and expenditure account and balance sheet include the financial statements of the group and its subsidiary undertakings made up to 31 March 2012. Intra group transactions, any unrealised profits/losses arising and intercompany balances are eliminated fully on consolidation.

Tangible fixed assets

Housing properties

The Group operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

Other housing properties

Other housing properties are stated as cost which is purchase price together with any incidental costs of acquisition. These properties are effectively purchased concurrently by the Association and participants and so are disclosed in fixed assets at the cost to the Association with the participants' net investment also disclosed in the housing properties note to the accounts.

The initial cost of the houses is not split between current and fixed assets since the Association and the participant effectively purchase their respective shares simultaneously. The circumstances of this type of transaction means that no gain nor loss will ever be made by the Association on first tranche sales and so the proceeds and costs are not shown in turnover or cost of sales. This allows the Association to present a true and fair view of the commercial reality behind such a co-ownership scenario.

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 of the Association 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 and Impairment

Housing properties

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciation over the estimated useful life which has been set taking into account professional guidance and the group's asset management strategy. In determining the remaining useful lives for the housing stock, the group has taken account of views provided by both internal and external professional sources.

Freehold land is not subject to depreciation. Depreciation is charged so as to write down the cost or valuation (net of Housing Association Grant, and other capital grants) of the freehold housing properties and major components on a straight line basis over their expected use economic lives.

1 Accounting policies (continued)

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

Main fabric	50-80 years
Roof structure and coverings	50-80 years
Windows and external doors	27 years
Heating system boilers	17 years
Kitchens	20 years
Bathrooms	27 years
Mechanical systems (heating, ventilation, plumbing)	20 years
Electrics	32 years
Lift	20 years

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

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

Foreign currencies

Transactions and non monetary assets, denominated in foreign currencies, are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where relevant. The resulting exchange gains or losses are dealt with in the income and expenditure account.

Mortgages

Amounts due in respect of mortgages on assets vested in the company under the capital loan and subsidy scheme and capital assistance scheme are shown as liabilities in the balance sheet.

In the case of assets acquired under the capital loan and subsidy scheme, repayments of mortgage amounts (together with interest on the mortgages) are met entirely by Government sources. Accordingly the capital sums due are amortised in accordance with Dundalk Town Council, over 30 years on a straight line basis, and a corresponding credit made to the income and expenditure account.

Similarly with the capital assistance schemes the capital sums due are amortised on a straight line basis over 30 years and a corresponding credit made to the income and expenditure account. As the company does not pay interest in respect of the mortgages they are treated as interest free.

Development allowances

Development allowances on capital loan and subsidy scheme houses, representing 1½% of scheme costs, are credited to the income and expenditure account in the period to which they relate.

1 Accounting policies (continued)

Disposal proceeds fund

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

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

Transfer to designated reserves

Cyclical repairs

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 of the Association in respect of major repairs is calculated in accordance with the Rent Surplus Fund (Northern Ireland) Determination 1992 in respect of traditionally funded schemes only. Expenditure when incurred is deducted from the accumulated designated reserve balance.

Furniture replacement

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 Group’s main activities which are carried out in the United Kingdom and the Republic of Ireland. Turnover represents rental and service charge income and residential charges for Housing with Care, net of voids. It also includes income from services provided to other Housing Associations and Special Needs Management Allowance received for the provision of housing with care.

3 Operating costs

	Group		**Association**	
	2012	2011	**2012**	2011
	£	£	**£**	£
Direct costs	**7,925,455**	6,197,219	**7,592,119**	6,057,153
Administrative expenses	**1,978,334**	1,753,347	**1,849,505**	1,637,126
	9,903,789	7,950,566	**9,441,624**	7,694,279

Notes to the financial statements for the year ended 31 March 2012

4 Operating surplus

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
This is stated after charging/(crediting):				
Staff costs (note 5)	**3,371,110**	3,169,148	**3,298,060**	3,099,952
Depreciation	**1,804,136**	572,627	**1,514,968**	392,165
Release of capital grant	**(777)**	(777)	**(777)**	(777)
Mortgage amortisation	**(417,158)**	(349,982)	**-**	-
Foreign exchange loss	**2,042**	500	**-**	-
Auditors' remuneration				
– audit services	**13,978**	14,019	**7,938**	7,728
– non-audit services	**37,259**	6,722	**36,509**	2,882

5 Employee information

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Staff costs				
Wages and salaries	**3,013,114**	2,835,281	**2,953,755**	2,778,809
Social security costs	**215,163**	211,153	**208,875**	205,133
Other pension costs	**142,833**	122,714	**135,430**	116,010
	3,371,110	3,169,148	**3,298,060**	3,099,952

	Number	Number	**Number**	Number
Average monthly number of persons employed during the financial year by activity:				
Administration	**73**	66	**71**	65
Scheme co-ordinators and ancillary staff	**87**	81	**87**	81
Supported housing	**58**	59	**58**	59
	218	206	**216**	205

6 Directors' emoluments

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

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Aggregate emoluments	**352,577**	324,145	**352,577**	324,145
Pension contributions	**42,895**	42,428	**42,895**	42,428
	395,472	366,573	**395,472**	366,573

Members of the Board of Management serve in a voluntary capacity and none were in receipt of emoluments during the year. The Board and Committee members were reimbursed for expenses totalling £1,058 during the year (2011: £2,090).

6 Directors' emoluments (continued)

The emoluments to the highest paid Director (currently included within the above table) are as follows:

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Aggregate emoluments	**93,915**	92,744	**93,915**	92,744
Pension contributions to money purchase schemes	**9,835**	9,738	**9,835**	9,738
	103,750	102,482	**103,750**	102,482

The number of directors to whom emoluments were paid during the year fall within each of the following bands:

	Group		Association	
	2012	2011	**2012**	2011
Salary Band:	**No**	No	**No**	No
£90,000 - £95,000	**1**	1	**1**	1
£65,000 - £70,000	**1**	1	**1**	1
£60,000 - £65,000	**1**	1	**1**	1
£55,000 - £60,000	**1**	1	**1**	1
£40,000 - £45,000	**1**	1	**1**	1
£20,000 - £25,000	**1**	-	**1**	-
	6	5	**6**	5

7 Transfer to disposal proceeds fund

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Proceeds of disposal	**54,502**	-	**54,502**	-
Depreciation on properties disposed	**(1,391)**	-	**(1,391)**	-
Transfer to disposal proceeds fund (note 15)	**53,111**	-	**53,111**	-

Other disposals of housing property which occurred in 2012 and 2011 are not required to be transferred to the disposal proceeds fund.

8 Interest receivable and similar income

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Interest receivable	**52,546**	219,087	**52,546**	219,087

9 Interest payable and similar charges

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Housing property loans	**2,049,483**	1,617,873	**2,049,483**	1,617,873
Interest payable to DSD re HAG received in advance	**9,100**	-	**9,100**	-
Bank interest and charges	**6,592**	10,652	**3,893**	2,956
	2,065,175	1,628,525	**2,062,476**	1,620,829

10 Tangible fixed assets - housing properties

Group	**Cost**	**Participants' Net Investment**	**2012 Group Investment**	2011
	£	**£**	**£**	£
Cost				
At 1 April 2011	**364,257**	**174,010**	**246,789,263**	222,299,988
Foreign exchange movements	**-**	**-**	**(708,647)**	(73,286)
Introduced on merger	**-**	**-**	**27,614,972**	-
Additions	**231,108**	**112,500**	**24,269,114**	25,420,144
Disposals	**-**	**-**	**(277,418)**	(857,583)
At 31 March 2012	**595,365**	**286,510**	**297,687,284**	246,789,263
Housing Association Grant and other grants				
At 1 April 2011	**-**	**-**	**176,790,149**	160,255,438
Introduced on merger	**-**	**-**	**20,696,761**	-
Additions	**-**	**-**	**12,664,900**	16,561,577
Disposals	**-**	**-**	**(33,004)**	(26,866)
At 31 March 2012	**-**	**-**	**210,118,806**	176,790,149
Depreciation				
At 1 April 2011	**4,058**	**-**	**2,523,299**	2,078,776
Foreign exchange movements	**-**	**-**	**(29,592)**	(1,310)
Introduced on merger	**-**	**-**	**417,299**	-
Charge for the year	**5,816**	**-**	**1,671,762**	445,833
Disposals	**-**	**-**	**(12,276)**	-
At 31 March 2012	**9,874**	**-**	**4,570,492**	2,523,299
Net book amount comprises:				
- Freehold property			**61,442,567**	45,787,261
- Long leasehold property			**21,555,419**	21,688,554
			82,997,986	67,475,815
Net book amount comprises:				
- Completed schemes			**75,325,229**	66,746,816
- Properties under construction			**7,672,757**	728,999
			82,997,986	67,475,815

Notes to the financial statements for the year ended 31 March 2012

10 Tangible fixed assets - housing properties

Association	Cost	Participants' Net Investment	2012 Association Investment	2011
	£	£	£	£
Cost				
At 1 April 2011	**364,257**	**174,010**	**233,645,991**	212,114,015
Introduced on merger	**-**	**-**	**27,614,972**	-
Additions	**231,108**	**112,500**	**24,268,984**	22,389,559
Disposals	**-**	**-**	**(276,073)**	(857,583)
At 31 March 2012	**595,365**	**286,510**	**285,253,874**	233,645,991
Housing Association Grant and other grants				
At 1 April 2011	**-**	**-**	**176,790,149**	160,255,438
Introduced on merger	**-**	**-**	**20,696,761**	-
Additions	**-**	**-**	**12,664,900**	16,561,577
Disposals	**-**	**-**	**(33,004)**	(26,866)
At 31 March 2012	**-**	**-**	**210,118,806**	176,790,149
Depreciation				
At 1 April 2011	**4,058**	**-**	**2,163,884**	1,896,580
Introduced on merger	**-**	**-**	**417,299**	-
Charge for the year	**5,816**	**-**	**1,383,249**	267,304
Disposals	**-**	**-**	**(12,276)**	-
At 31 March 2012	**9,874**		**3,952,156**	2,163,884

Net book amount comprises:		
- Freehold property	**53,500,302**	37,183,537
- Long leasehold property	**17,682,610**	17,508,421
	71,182,912	54,691,958
Net book amount comprises:		
- Completed schemes	**63,510,155**	53,962,959
- Properties under construction	**7,672,757**	728,999
	71,182,912	54,691,958

The assets introduced on merger relate to the former Dungannon and District Housing Association (note 32).

Notes to the financial statements for the year ended 31 March 2012

11 Other tangible fixed assets

Group	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2011	2,193,400	650,719	7,600	60,630	2,912,349
Foreign exchange movements	-	(927)	-	-	(927)
Introduced on merger	284,250	1,051	-	-	285,301
Additions	-	108,997	-	-	108,997
Disposals	-	(133,421)	-	-	(133,421)
At 31 March 2012	**2,477,650**	**626,419**	**7,600**	**60,630**	**3,172,299**
Depreciation					
At 1 April 2011	655,039	506,871	7,600	38,440	1,207,950
Foreign exchange movements	-	(733)	-	-	(733)
Charge for year	61,561	55,669	-	15,144	132,374
Disposals	-	(126,864)	-	-	(126,864)
At 31 March 2012	**716,600**	**434,943**	**7,600**	**53,584**	**1,212,727**
Net book amount					
At 31 March 2012	**1,761,050**	**191,476**	**-**	**7,046**	**1,959,572**
At 31 March 2011	1,538,361	143,848	-	22,190	1,704,399

Association	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2011	2,193,400	633,993	7,600	60,630	2,895,623
Introduced on merger	284,250	1,051	-	-	285,301
Additions	-	108,270	-	-	108,270
Disposals	-	(133,421)	-	-	(133,421)
At 31 March 2012	**2,477,650**	**609,893**	**7,600**	**60,630**	**3,155,773**
Depreciation					
At 1 April 2011	655,039	493,700	7,600	38,440	1,194,779
Charge for year	61,561	55,014	-	15,144	131,719
Disposals	-	(126,864)	-	-	(126,864)
At 31 March 2012	**716,600**	**421,850**	**7,600**	**53,584**	**1,199,634**
Net book amount					
At 31 March 2012	**1,761,050**	**188,043**	**-**	**7,046**	**1,956,139**
At 31 March 2011	1,538,361	140,293	-	22,190	1,700,844

The assets introduced on merger relate to the former Dungannon and District Housing Association (note 32).

Notes to the financial statements for the year ended 31 March 2012

12 Investments - Association

	2012	2011
	Subsidiary Undertaking £	Subsidiary Undertaking £
Cost	**5,002**	5,001

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

The Association also controls Skerry Court Management Services Limited and Curzon Management Company Limited which were dormant throughout the year and have a carrying value of £Nil (2011: £Nil).

13 Debtors

	Group		**Association**	
	2012	2011	**2012**	2011
	£	£	**£**	£
Rental Debtors Gross – Technical	**166,593**	149,335	**166,593**	149,335
Rental Debtors Gross – Non-technical	**430,599**	286,751	**372,014**	252,090
Provision for bad debts	**(269,037)**	(220,432)	**(231,242)**	(195,182)
Net rental (including rates, service charges) debtors	**328,155**	215,654	**307,365**	206,243
Other Debtors	**310,448**	314,024	**154,982**	285,081
Prepayments and accrued income	**422,953**	348,364	**292,239**	333,035
Housing Association Grant receivable	**6,788,794**	8,471,698	**6,788,794**	8,471,698
Amounts owed by subsidiary undertakings	**-**	-	**77,429**	62,269
	7,850,350	9,349,740	**7,620,809**	9,358,326

14 Creditors: amounts falling due within one year

	Group		**Association**	
	2012	2011	**2012**	2011
	£	£	**£**	£
Bank loans (Note 16)	**13,035,871**	1,610,782	**13,035,871**	1,610,782
DSD loans (Note 16)	**97,019**	74,070	**97,019**	74,070
Bank overdraft	**-**	40	**-**	-
Other taxes and social security	**80,930**	70,217	**79,805**	69,386
Rent, rates and service charges received in advance	**239,992**	198,240	**234,392**	193,378
Housing Association Grant in advance	**6,819,747**	12,257,180	**6,819,747**	12,257,180
Deferred historic building grant	**28,884**	29,661	**28,884**	29,661
Other creditors	**1,183,791**	1,156,608	**1,035,193**	1,094,333
Amounts owed to subsidiary undertakings	**-**	-	**13,692**	-
Services equalisation account	**321,780**	256,599	**326,407**	262,472
Accruals and deferred income	**2,918,764**	2,257,038	**2,774,088**	2,228,644
Disposal proceeds fund	**186,553**	21,870	**186,553**	21,870
	24,913,331	17,932,305	**24,631,651**	17,841,776

15 Creditors: amounts falling due after more than one year

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Bank loans (Note 16)	**34,013,887**	35,387,255	**34,013,887**	35,387,255
DSD loans (Note 16)	**935,204**	890,293	**935,204**	890,293
Disposal proceeds fund	**53,111**	-	**53,111**	-
Mortgage liability	**9,798,021**	10,781,770	**-**	-
	44,800,223	47,059,318	**35,002,202**	36,277,548

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

Mortgage liability – Group only

Amounts due in respect of mortgages on assets vested in Clanmil Housing Association Ireland Limited under the capital loan and subsidy scheme and capital assistance scheme are shown as liabilities in the balance sheet.

In the case of assets acquired under the capital loan and subsidy scheme, repayments of mortgage amounts (together with interest on the mortgages) are met entirely by Government sources. Accordingly the capital sums due are amortised in accordance with Dundalk Town Council, over 30 years on a straight line basis, and a corresponding credit made to the income and expenditure account.

Similarly with the capital assistance schemes the capital sums due are amortised on a straight line basis over 30 years and a corresponding credit made to the income and expenditure account. As the company does not pay interest in respect of the mortgages they are treated as interest free.

16 Loans

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Bank loans - Housing property and other loans				
Less than one year, or on demand (Note 14)	**13,035,871**	1,610,782	**13,035,871**	1,610,782
Between one and two years	**1,645,077**	1,619,107	**1,645,077**	1,619,107
Between two and five years	**5,165,432**	4,909,796	**5,165,432**	4,909,796
After more than five years	**27,203,378**	28,858,352	**27,203,378**	28,858,352
	47,049,758	36,998,037	**47,049,758**	36,998,037

Security

The Northern Bank holds a mortgage over Northern Whig House and the related housing properties as security for its variable and fixed rate bank loans.

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

The Housing Finance Corporation Loan is secured by way of mortgages upon the deeds of the related housing properties and bears interest at a fixed rate of 4.525%.

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Department for Social Development - Housing Property Loans				
Less than one year (Note 14)	**97,019**	74,070	**97,019**	74,070
Between one and two years	**92,288**	82,445	**92,288**	82,445
Between two and five years	**300,711**	251,196	**300,711**	251,196
After more than five years	**542,205**	556,652	**542,205**	556,652
	1,032,223	964,363	**1,032,223**	964,363

Security

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

Merger with Dungannon and District Housing Association

As part of the merger with the former Dungannon and District Housing Association, loans totalling £408,935 were introduced. This represented £141,930 of DSD loans and £267,005 of bank loans held with Northern Bank and Bank of Ireland.

17 Called up share capital

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
Ordinary shares of £1 each, fully paid				
At 1 April 2011	**21**	21	**21**	21
Allotted during the year	**1**	-	**1**	-
Transfer to capital reserve	**(2)**	-	**(2)**	-
At 31 March 2012	**20**	21	**20**	21

18 Capital reserve

	Group		Association	
	2012	2011	**2012**	2011
	£	£	**£**	£
At 1 April 2011	**6**	6	**6**	6
Transfer from share capital	**2**	-	**2**	-
At 31 March 2012	**8**	6	**8**	6

19 Mortgage amortisation reserve - Group

	£
At 1 April 2011	1,978,003
Foreign exchange movements	(121,420)
Transfer from retained funds	417,158
At 31 March 2012	**2,273,741**

20 Designated reserves – Group

	Major repairs £	**Cyclical repairs £**	**Furniture replacement £**	**Bequests £**	**Total £**
At 1 April 2011	10,039,005	445,122	251,437	39,427	10,774,991
Appropriations from revenue reserve:					
- transfer from rent surplus fund	773,926	-	-	-	773,926
- provided	60,223	468,743	61,105	-	590,071
- expenditure on repairs	(424,697)	(388,739)	(39,921)	-	(853,357)
- interest and other income received	-	-	-	4,011	4,011
Sub-total	409,452	80,004	21,184	4,011	514,651
- foreign exchange movements	(16,396)	(4,629)	-	-	(21,025)
Sub-total	393,056	75,375	21,184	4,011	493,626
At 31 March 2012	**10,432,061**	**520,497**	**272,621**	**43,438**	**11,268,617**

Notes to the financial statements for the year ended 31 March 2012

20 Designated reserves – Association

	Major repairs £	Cyclical repairs £	Furniture replacement £	Bequests £	Total £
At 1 April 2011	9,774,460	358,596	251,437	39,427	10,423,920
Appropriations from revenue reserve:					
- transfer from rent surplus fund	773,926	-	-	-	773,926
- provided	-	468,743	61,105	-	529,848
- expenditure on repairs	(424,697)	(387,701)	(39,921)	-	(852,319)
- interest and other income received	-	-	-	4,011	4,011
Sub-total	349,229	81,042	21,184	4,011	455,466
At 31 March 2012	**10,123,689**	**439,638**	**272,621**	**43,438**	**10,879,386**

21 Rent surplus fund - Group and Association

	2012 £	2011 £
Net relevant income	**967,408**	879,050
Appropriation to major repairs reserve	**(773,926)**	(703,240)
Retained in revenue reserve	**(193,482)**	(175,810)
	-	-

22 Reconciliation of movements in funds

	Group		Association	
	2012 £	2011 £	**2012** £	2011 £
Surplus on ordinary activities	**1,550,704**	1,883,034	**1,306,271**	1,613,086
Allotment of share capital	**1**	-	**1**	-
Translation loss	**(117,936)**	-	**-**	-
Opening funds	**23,023,600**	21,140,566	**21,005,721**	19,392,635
Closing funds	**24,456,369**	23,023,600	**22,311,993**	21,005,721

23 Net cash inflow from operating activities

	2012 £	2011 £
Operating surplus	**3,761,198**	3,913,188
Movement in service charges equalisation account	**62,688**	(3,249)
Depreciation charge	**1,804,136**	572,627
Amortisation of mortgages	**(417,158)**	(349,982)
Release of capital grant	**(777)**	(777)
Write off of other fixed assets	**3,942**	-
Movement in debtors	**(116,197)**	88,968
Movement in creditors	**414,280**	609,721
Movement in foreign exchange on translation	**(6,639)**	(175,865)
Net cash inflow from operating activities	**5,505,473**	4,654,631

Notes to the financial statements for the year ended 31 March 2012

24 Analysis of net debt

	1 April 2011	Cash flow	Introduced on merger	Non-cash changes	31 March 2012
	£	£		£	£
Cash at bank and in hand	9,485,269	**(8,123,254)**	**-**	**-**	**1,362,015**
	9,485,269	**(8,123,254)**	**-**	**-**	**1,362,015**
Debt due after one year	(36,277,548)	**-**	**(378,957)**	**1,707,414**	**(34,949,091)**
Debt due within one year	(1,684,852)	**(9,710,646)**	**(29,978)**	**(1,707,414)**	**(13,132,890)**
	(28,477,131)	**(17,833,900)**	**(408,935)**	**-**	**(46,719,966)**

25 Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
(Decrease)/increase in cash in financial year	**(8,123,254)**	3,965,708
Repayment of loans	**2,189,354**	24,331,708
Loans introduced on merger	**(408,935)**	-
New loans	**(11,900,000)**	(29,750,000)
Movement in net debt in the financial year	**(18,242,835)**	(1,452,584)
Net debt at 1 April	**(28,477,131)**	(27,024,547)
Net debt at 31 March	**(46,719,966)**	(28,477,131)

26 Turnover, operating costs and operating surplus - Association

Turnover, operating costs and operating surplus		**2012**		2011
	Operating Turnover	**Operating Costs**	**Operating Surplus**	Operating Surplus
	£	**£**	**£**	£
Social Housing Activities	**12,727,829**	**9,339,608**	**3,388,221**	3,451,122
Non-Social Housing Activities	**227,861**	**102,016**	**125,845**	184,422
Total	**12,955,690**	**9,441,624**	**3,514,066**	3,635,544

27 Housing Stock - Association

Number of units owned on 31 March	**2012**	2011
General needs housing	**1,542**	1,210
Independent living/ housing for older people (including resident scheme co-ordinator)	**1,260**	1,100
Supported housing (including housing with care)	**171**	114
Affordable housing (part owned with participants)	**12**	7
Total owned	**2,985**	2,431

Number of units managed by (but not owned) on 31 March		
General needs housing	**33**	33
Total units owned and managed at 31 March	**3,018**	2,464

Notes to the financial statements for the year ended 31 March 2012

28 Turnover, operating costs and operating surplus or deficit from social housing activities - Association

	General Needs Housing £	Independent Living Housing £	Housing with Care £	Supported Housing £	Total Social Housing Activities £	Other Income £	2012 Total £	2011 Total £
Income from Social Housing Lettings								
Rent receivable net of service charges	5,679,336	3,615,909	937,407	143,351	10,376,003	22,929	**10,398,932**	8,974,114
Service charges receivable	319,732	2,125,649	-	239,410	2,684,791	-	**2,684,791**	2,495,153
Other	-	-	137,579	-	137,579	204,932	**342,511**	382,523
Gross Income from rents and service charges	**5,999,068**	**5,741,558**	**1,074,986**	**382,761**	**13,198,373**	**227,861**	**13,426,234**	11,851,790
Less voids	(97,020)	(231,726)	(60,035)	(11,059)	(399,840)	-	**(399,840)**	(496,230)
Bad debts (rent and service charges)	(43,696)	(25,434)	367	(1,941)	(70,704)	-	**(70,704)**	(25,737)
Net Income from rents and service charges	**5,858,352**	**5,484,398**	**1,015,318**	**369,761**	**12,727,829**	**227,861**	**12,955,690**	11,329,823
Operating Costs								
Services	309,824	1,386,509	301,624	128,157	2,126,114	345	**2,126,459**	1,729,500
Supporting People Costs	-	615,792	-	157,101	772,893	-	**772,893**	950,085
Care Costs	-	-	380,892	-	380,892	-	**380,892**	386,377
Management Costs	599,138	434,202	191,781	43,805	1,268,926	1,173	**1,270,099**	1,179,230
Maintenance Administration Costs	264,293	215,959	-	22,282	502,534	-	**502,534**	434,728
Planned and cyclical maintenance	228,186	232,434	-	14,723	475,343	-	**475,343**	526,704
Reactive maintenance	507,777	703,203	56,643	40,119	1,307,742	18	**1,307,760**	1,066,519
Major repairs	34,980	38,910	-	1,029	74,919		**74,919**	66,530
Depreciation of social housing	730,077	623,123	7,663	17,504	1,378,367	4,882	**1,383,249**	267,304
Rates payable	640,234	394,662	-	1,741	1,036,637	-	**1,036,637**	946,354
Depreciation of Non-Social Housing Assets	-	-	-	-	-	95,598	**95,598**	90,581
Development Costs written off	15,241	-	-	-	15,241	-	**15,241**	50,367
Total Operating Costs	**3,329,750**	**4,644,794**	**938,603**	**426,461**	**9,339,608**	**102,016**	**9,441,624**	7,694,279
Operating Surplus/(Deficit)	**2,528,602**	**839,604**	**76,715**	**(56,700)**	**3,388,221**	**125,845**	**3,514,066**	3,635,544

Notes to the financial statements for the year ended 31 March 2012

28 Turnover, operating costs and operating surplus or deficit from social housing activities – Association (continued)

	General Needs Housing	Independent Living Housing	Housing with Care	Supported Housing	Total Social Housing Activities	Other Income	2012 Total	2011 Total
	£	£	£	£	£	£	£	£
Operating Surplus/(Deficit)	**2,528,602**	**839,604**	**76,715**	**(56,700)**	**3,388,221**	**125,845**	**3,514,066**	3,635,544
Surplus/(Deficit) on disposal of fixed assets	**6,854**	**(76,218)**	**-**	**(72,775)**	**(142,139)**	**(2,615)**	**(144,754)**	(620,716)
Transfer to Disposal Proceeds Fund	**(53,111)**				**(53,111)**	**-**	**(53,111)**	
Interest Payable	**(1,691,249)**	**(346,014)**	**-**	**(21,320)**	**(2,058,583)**	**(3,893)**	**(2,062,476)**	(1,620,829)
Interest Receivable and other income	**-**	**-**	**-**	**-**	**-**	**52,546**	**52,546**	219,087
Surplus/(Deficit) on Ordinary Activities	**791,096**	**417,372**	**76,715**	**(150,795)**	**1,134,388**	**171,883**	**1,306,271**	1,613,086
Less Transfers to Designated Reserves	**-**	**-**	**-**	**-**	**-**	**-**	**(455,466)**	(884,521)
Retained Surplus for the year	**-**	**-**	**-**	**-**	**-**	**-**	**850,805**	728,565
DSD Allowances								
Management Allowances	**575,784**							
Management Costs	**(599,138)**							
(Deficit)/Surplus	**(23,354)**							
Maintenance Allowances	**757,543**							
Planned and cyclical maintenance	**(228,186)**							
Reactive maintenance	**(507,777)**							
Surplus/(Deficit)	**21,580**							
Gross Income from Rents and service charges								
Technical	**8,989,844**				**8,989,844**	**-**	**8,989,844**	7,839,011
Non Technical	**4,208,529**				**4,208,529**	**-**	**4,208,529**	3,753,319
Total	**13,198,373**				**13,198,373**	**-**	**13,198,373**	11,592,330

Note that the Association operates a rent pooling policy. This can impact on the assessment of surplus or deficit arising from a particular type of housing activity.

29 Pension commitments

The Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the State Pension 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 (CARE) with a 1/60th accrual rate.

From April 2010 a further two benefit structures have been available, namely:

Final salary with a 1/80th accrual rate.

Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure has been made available from 1 October 2010.

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. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

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 15.75%. Member contributions varied between 7.95% and 9.95% dependent on their age.

As at the balance sheet date there were 30 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £711,659. The Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

29 Pension commitments (continued)

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 69.7%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

		% pa
Valuation discount rates:		
-	Pre retirement	7.8
-	Non pensioner post retirement	6.2
-	Pensioner post retirement	5.6
-	Pensionable earnings growth	4.7
-	Price inflation	3.2
Pension increases		
-	Pre 88 GMP	0.0
-	Post 88 GMP	2.8
-	Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1 %p.a.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% p.a.

The long-term joint contribution rates that will apply from April 2010 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 1/60th accrual rate	17.8
Final salary with a 1/70th accrual rate	15.4
Career average revalued earnings (CARE) with a 1/60th accrual rate	14.9
Final salary with a 1/80th accrual rate	13.5
Career average revalued earnings (CARE) with a 1/80th accrual rate	11.9

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.

29 Pension commitments (continued)

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in the next year's disclosure note.

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 defined benefit section of 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 SHPS.
New employers 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 new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

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 provided a response in respect of the September 2008 actuarial valuation in August 2011, stating that it does not propose to take any scheme funding action under Part 3 of the Pensions Act 2004. A response from the Regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

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 30 September 2011. As of this date the estimated employer debt for the Association was £3,282,072.

30 Contingent liabilities

There is a contingent liability to repay all or part of the mortgages received from Dundalk Town Council, Dublin City Council, South Dublin County Council, Fingal County Council and Wicklow County Council if certain circumstances, as set out in the loan agreements, occur within the period of the loans, a period of 30 years.

31 Capital commitments - Housing Properties – Association

	2012	2011
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	**23,672,851**	26,816,572

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 Acquisitions and disposals

Acquisitions

Dungannon and District Housing Association Limited merged with Clanmil Housing Association Limited on 11 November 2011. Net assets of £6,400,000 were brought into the accounts of Clanmil Housing Association Limited at that date and are categorised below:

	Fair value to Association
Assets and liabilities merged	£
Tangible fixed assets – housing properties (note 10)	6,500,912
Other tangible fixed assets (note 11)	285,301
Debtors	249,477
Cash at bank	18,634
Creditors	(50,447)
Loans (note 25)	(408,935)
Other creditors and provisions	(29,193)
Disposal proceed fund	(165,749)
Net assets merged	**6,400,000**

Notes to the financial statements for the year ended 31 March 2012

33 Related party disclosures

Details of the subsidiaries are disclosed in Note 12. The balances with the subsidiaries at the year end were as follows:

	2012	2011
	£	£
Amounts owed by subsidiary undertakings		
Clanmil Properties Limited	**3,816**	27,138
Clanmil Developments Limited	**55,502**	-
Clanmil Housing Association Ireland Limited	**4,419**	35,130

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

	2012	2011
	£	£
Clanmil Properties Limited		
Rent charge from Clanmil Housing Association Limited to Clanmil Properties Limited	**112,938**	112,625
Management and administration charge from Clanmil Housing Association Limited to Clanmil Properties Limited	**8,681**	2,750
Contribution from Clanmil Properties Limited to Clanmil Housing Association Limited in respect of the insurance of Northern Whig House	**2,583**	2,583
Gift aid donation from Clanmil Properties Limited to Clanmil Housing Association Limited	**17,508**	26,541
Rent and service charges from Clanmil Properties Limited to Clanmil Housing Association Limited	**101,772**	101,500
Clanmil Developments Limited		
Management and administration charge from Clanmil Housing Association Limited to Clanmil Developments Limited	**889**	-
Charge from Clanmil Developments Limited to Clanmil Housing Association Limited for the provision of property development services	**876,453**	-
Charge from Clanmil Housing Association Limited to Clanmil Developments Limited for the provision of property development services	**872,653**	-
Clanmil Housing Association Ireland Limited		
Management and administration charge from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	**17,255**	16,499
Management and administration charge from Clanmil Housing Association Ireland Limited to Clanmil Housing Association Limited	**-**	4,604
(Decrease)/increase in unsecured loan from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	**(16,566)**	13,789
Loan interest charged by Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	**81**	96