Registered no: IP000136

Clanmil Housing Association Limited

Annual Statement of Accounts

for the year ended 31 March 2013

Clanmil Housing Association Limited

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Board of Management and advisers

Board of Management

J Baird MSc FCIH (Chair)
D Reid LL.B FCA (Vice Chair)
S Amos BA ACIB (appointed 9 October 2012)
P Anderson CFIIA MBA (co-opted)
D Brennan P.CM.Sc (Mgmt) LL.B (Hons) (co-opted 22 June 2012)
J Browne BA DipM GInstM (resigned 27 June 2012)
B Clerkin ACA CMIIA (co-opted 27 June 2012)
J Ebbage LL.B (Hons) CPLS (resigned 7 January 2013)
J Gill (co-opted)
CT Hogg MBE UD JP DL
S Kirkwood OBE TD MICE (resigned 27 June 2012)
D Long (co-opted)
M O'Boyle CQSW ASW
J O'Brien Retired Brig Gen (co-opted) (resigned 22 June 2012)
C Ramsey BSc (Hons) Dip TP Dip BA MRTPI (co-opted)
J Scott LL.B (Hons) (co-opted)
M Shiells JP (Resigned 27 June 2012)

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

Danske 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 2013

The Board of Management present their report and the audited financial statements for the year ended 31 March 2013 of Clanmil Housing Association Limited (the "Association") and its subsidiaries (the "Group").

Principal activities

The Group is a leading provider of high quality, affordable housing for rent with over 3,300 homes throughout Northern Ireland and the Republic of Ireland. We aim to be a primary provider of high quality homes at the lowest possible economic rent for everyone in housing need.

We work to create places where people want to live and the belief that good homes provide a strong foundation for sustainable communities is at the core of all that we do.

Our Tenants
As with any community, Clanmil tenants are a varied group. They range from older people who need support to continue to live in the community, to low income families and single people.

However, what the vast majority of our tenants have in common is the need for a good home and the desire to live in a settled community with good neighbours.

High Quality Affordable Homes
We provide a wide range of high quality housing solutions including:

- homes for families and single people;
- housing and support for older people;
- supported housing for older people with dementia, learning disabilities and mental ill-health;
- hostels providing temporary refuge for women and their children suffering abuse within the home;
- houses for Irish Travellers;
- supported housing for young people leaving care.

We also help facilitate affordable home ownership through equity share.

Outstanding Performance
Our performance is assessed by our regulatory body, the Department for Social Development and we are committed to continuing to achieve the highest standards.

Our innovation and excellence has been recognised and rewarded by success in a range of national and international award competitions.

Service Excellence
We aim to achieve high levels of customer satisfaction by delivering excellent services to all of our tenants.

We work in partnership with our tenants to continually develop and improve our services and we are committed to delivering tailored services that best reflect their needs.

For a number of our tenants, paying rent and service charges has a significant impact on their household income. We therefore aim to keep rents affordable by mainstreaming efficiency and cost effectiveness in our service delivery.

Delivering New Homes
The Association has one of the largest new build development programmes in Northern Ireland and we work collaboratively as a member of the Abacus procurement group in the delivery of the social housing development programme.

We secure significant private finance to stretch the available public funding and ensure that Government targets for the delivery of much needed homes are met.

We work closely with local communities and their representatives to ensure that our developments provide well designed housing solutions that really meet their needs.

Our new homes are built to high environmental standards, not only to reduce the environmental impact of the properties we build, but also to cut the running costs for our tenants, helping to alleviate fuel poverty.

Report of the Board of Management for the year ended 31 March 2013

Maintaining and Improving our Homes
Investing in our existing homes is a top priority and by providing efficient, value for money maintenance and a reactive repair service we ensure that our homes meet, and in many cases surpass, the Decent Homes Standard.

Our asset management strategy is supported by long term financial planning that will ensure we can continue to provide high quality homes, fit for purpose and well maintained, into the future.

Sustainable Communities
Our housing schemes strengthen communities and we are committed to creating safe and sustainable neighbourhoods where people want to live and raise their families.

We seek to forge robust partnerships with the local community in order to build a strong sense of belonging and neighbourliness and promote a settled and positive environment at our schemes.

Our community development strategy is delivered in partnership with local authorities, residents groups and other agencies to address issues affecting disadvantaged neighbourhoods such as social and financial inclusion, children's play and other areas of family life.

We firmly believe that shared future housing offers a route to a more inclusive and sustainable future for Northern Ireland and we are committed to continuing to deliver shared neighbourhoods where appropriate.

Looking to the Future
Despite the challenging environment in which we operate, our long term strategic planning and financial modelling supports the continued provision of new affordable homes and investment in our existing housing stock.

We will continue to review the efficiency of our operations and how we can be more effective and will look to new strategic alliances to further strengthen services for tenants.

Strength in our People
Our success is in no small part due to the people who work for Clanmil. The Group currently employs 225 people. An excellent benefits package, including an award winning work life balance scheme, helps us attract and retain high calibre, professional people who are fully committed to providing great homes and excellent services.

Board of Management

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.

Group structure and operational performance

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 intends to develop 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 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 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 19% (target 28%)
Liquidity ratio 76% (target 150%)
Interest cover 2.48 (target 2.14)
Housing schemes non-technical arrears 9.70% (target 6.5%)
Housing schemes voids 1.76% (target 2.25%)
Response maintenance within timescale 94% (target 96%)
Staff turnover 12% (target 13%)
Tenant satisfaction (fairly or very satisfied) 92% (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.

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 2013

During the year the number of homes in management in the Group increased by 336 (11%) to 3,547.

There were 487 units under development by the Group at 31 March 2013.

£24.076 million was spent on the development of housing properties during the year by the Association, partially funded by Housing Association Grant of £11.408 million.

Turnover for the Group increased by 22% from £13.665 million in 2011/12 to £16.685 million.

The Association's annual review of rental charges at April 2012 resulted in a 5.87% increase in the majority of rents.

Group operating costs of £12.553 million represent 75% of turnover (72% in 2011/12).

The surplus for the Group for the financial year was £1.854 million, before transfers to designated reserves, showing an increase of £303K over 2011/12. This includes a deficit arising from the disposal of housing properties by the Association of £77K 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.

Net financing costs increased from £2.013 million in 2011/12 to £2.173 million, reflecting an increase in the level of debt throughout the year and a decrease in the effective interest rate arising from the utilisation of shorter term variable rate debt.

The Association continues its programme of major repairs and improvements to properties and the total expenditure in the year was £1.517 million. The level of expenditure of this nature will fluctuate from year to year dependent on the age and condition of schemes and this has a significant impact on the amount of retained surplus in any one year after the relevant transfer to/from designated reserves.

Designated reserves increased to £12.885 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 2014

The Group expects further expansion in 2013/14 as a result of a significant ongoing development programme with turnover projected to increase by around 20% to approximately £20 million. The indicative social housing development programme in Northern Ireland shows an allocation to the Association of 287 units to be acquired or start on site in 2013/14.

It is planned that approximately 450 additional units of housing will be completed during the year increasing the total stock owned or managed by the Group to approximately 4,000 units.

£3.6 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 2013 the Association had loans outstanding of £58.054 million, representing an increase in the loan portfolio of £9.972 million over 31 March 2012. Average net debt per unit increased from £16k at 31 March 2012 to £17k at 31 March 2013.

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

The Association's interest cover ratio for the year of 2.48 and the adjusted net leverage ratio as at 31 March 2013 of 18.54% 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. The Group engages specialist Treasury Management Advisors to assist in this process.

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 2011/12 was 4.29%. An analysis of the average cost of funds in 2011/12 of the 130 largest Housing Associations in the UK showed a range from 2.92% to 8.84%, with the average being 4.55% (www.socialhousing.co.uk). The effective interest rate in 2012/13 decreased to 3.83%. When compared against the 2011/12 benchmark of the largest Associations performance in 2012/13 is considered to be very 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 2013 the Association had available loan facilities agreed with Banks but undrawn of £21 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 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	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 £251 (2012:£384) were made by the Group during the year. No donations for political purposes were made during the year (2012:£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 Hogg and Ms O'Boyle are due to retire by rotation. Mr Hogg is 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 2013

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 2013 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 5, 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 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 2013 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 2013

Group income and expenditure account for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	**16,684,908**	13,664,987
Operating costs	3	**(12,553,351)**	(9,903,789)
Operating surplus	4	**4,131,557**	3,761,198
Deficit arising from disposals of other fixed assets		**-**	(2,615)
Deficit arising from disposals of housing property		**(81,501)**	(142,139)
Transfer to disposal proceeds fund	7	**(22,611)**	(53,111)
Interest receivable and similar income	8	**53,829**	52,546
Interest payable and similar charges	9	**(2,227,274)**	(2,065,175)
Surplus on ordinary activities		**1,854,000**	1,550,704
Transfer to designated reserves	20	**(1,610,838)**	(514,651)
Retained surplus for the financial year before transfers and foreign exchange translation movements		**243,162**	1,036,053
Transfer to mortgage amortisation reserves	19	**(403,645)**	(417,158)
Foreign exchange translation movements		**(1,266)**	24,509
Retained (deficit)/surplus for the financial year		**(161,749)**	643,404
Retained surplus brought forward		**10,913,983**	10,270,579
Retained surplus carried forward		**10,752,234**	10,913,983

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 2013

	Note	**2013** £	2012 £
Turnover	2	**16,128,487**	12,955,690
Operating costs	3	**(12,221,030)**	(9,441,624)
Operating surplus	4	**3,907,457**	3,514,066
Deficit arising from disposals of other fixed assets		**-**	(2,615)
Deficit arising from disposals of housing property		**(76,762)**	(142,139)
Transfer to disposal proceeds fund	7	**(22,611)**	(53,111)
Interest receivable and similar income	8	**53,633**	52,546
Interest payable and similar charges	9	**(2,224,240)**	(2,062,476)
Surplus on ordinary activities		**1,637,477**	1,306,271
Transfer to designated reserves		**(1,570,056)**	(455,466)
Retained surplus for the financial year		**67,421**	850,805
Retained surplus brought forward		**11,432,579**	10,581,774
Retained surplus carried forward		**11,500,000**	11,432,579

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 2013

	Note	**2013** £	2012 £
Fixed assets			
Housing properties - depreciated cost	10	**316,382,846**	293,116,792
Less: Housing Association Grant and other grants	10	**(220,799,969)**	(210,118,806)
		95,582,877	82,997,986
Other tangible fixed assets	11	**2,053,770**	1,959,572
		97,636,647	84,957,558
Current assets			
Debtors	13	**14,100,553**	7,850,350
Cash at bank and in hand		**3,268,983**	1,362,015
		17,369,536	9,212,365
Creditors: amounts falling due within one year	14	**(22,368,000)**	(24,913,331)
Net current liabilities		**(4,998,464)**	(15,700,966)
Total assets less current liabilities		**92,638,183**	69,256,592
Creditors: amounts falling due after more than one year	15	**66,297,996**	44,800,223
Capital and reserves			
Called up share capital	17	**20**	20
Capital reserve	18	**9**	8
Designated reserves	20	**12,884,536**	11,268,617
Mortgage amortisation reserve	19	**2,703,388**	2,273,741
Revenue reserve		**10,752,234**	10,913,983
Total funds	21	**26,340,187**	24,456,369
		92,638,183	69,256,592

The financial statements on pages 12 to 38 were approved by the Board of Management on 6 June 2013 and were signed on its behalf by:

D T Reid
Chair of Finance Committee

Association balance sheet as at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Housing properties - depreciated cost	10	**304,269,499**	281,301,718
Less: Housing Association Grant and other grants	10	**(220,799,969)**	(210,118,806)
		83,469,530	71,182,912
Other tangible fixed assets	11	**2,049,859**	1,956,139
Investments	12	**5,002**	5,002
		85,524,391	73,144,053
Current assets			
Debtors	13	**14,175,811**	7,620,809
Cash at bank and in hand		**2,365,163**	1,180,984
		16,540,974	8,801,793
Creditors: amounts falling due within one year	14	**(21,758,899)**	(24,631,651)
Net current liabilities		**(5,217,925)**	(15,829,858)
Total assets less current liabilities		**80,306,466**	57,314,195
Creditors: amounts falling due after more than one year	15	**56,356,995**	35,002,202
Capital and reserves			
Called up share capital	17	**20**	20
Capital reserve	18	**9**	8
Designated reserves	20	**12,449,442**	10,879,386
Revenue reserve		**11,500,000**	11,432,579
Total funds	21	**23,949,471**	22,311,993
		80,306,466	57,314,195

The financial statements on pages 12 to 38 were approved by the Board of Management on 6 June 2013 and were signed on its behalf by:

D T Reid
Chair of Finance Committee

Clanmil Housing Association Limited

Group cash flow statement for the year ended 31 March 2013

	Note	**2013** £	2012 £
Net cash inflow from operating activities	22	**5,505,436**	5,505,473
Returns on investments and servicing of finance			
Interest received		**53,554**	84,843
Interest paid		**(2,446,740)**	(2,040,351)
		(2,393,186)	(1,955,508)
Capital expenditure			
Net assets acquired on merger		**-**	(6,400,000)
Purchase and development of housing properties		**(23,463,362)**	(24,107,611)
Housing Association Grant and other grants		**11,921,767**	8,915,455
Voluntary Purchase Grant		**-**	21,000
Receipts from disposal of housing properties		**53,661**	277,653
Purchase of other tangible assets		**(131,035)**	(108,997)
		(11,618,969)	(21,402,500)
Acquisitions and disposals		**-**	18,634
Financing			
Loan advances		**14,451,000**	11,900,000
Loan principal repayments		**(4,478,629)**	(2,189,354)
Mortgage advanced		**441,315**	-
Allotment of shares		**1**	1
		10,413,687	9,710,647
Increase/(decrease) in cash in the year	23 - 24	**1,906,968**	(8,123,254)

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 2013. 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 assistance 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.

Revenue reserves

The Association's policy is to retain a level of revenue reserves which reflects its needs at the current time and in the foreseeable future. The reserves required are sufficient to meet committed running costs for a period equivalent to nine months budgeted future expenditure. The Board of Management will review the adequacy of the revenue reserves level on an annual basis.

Designated reserves - reserve for future investment in housing property

All other reserves are treated as designated reserves as they are required to fund the Association's investment in house properties and thus are not available for general use. The policy relating to reserves is reviewed annually. On an ongoing basis the Board of Management aims to generate a revenue surplus on operations which will allow for the augmentation of the Association's designated reserves.

In previous years the Association designated reserves as follows:

(a) 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.

(b) 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.

(c) 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 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 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

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Direct costs	**9,839,709**	7,925,455	**10,066,787**	7,592,119
Administrative expenses	**2,713,642**	1,978,334	**2,154,243**	1,849,505
	12,553,351	9,903,789	**12,221,030**	9,441,624

4 Operating surplus

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
This is stated after charging/(crediting):				
Staff costs (note 5)	**3,709,820**	3,371,110	**3,615,669**	3,298,060
Depreciation	**2,057,459**	1,804,136	**1,787,388**	1,514,968
Release of capital grant	**(777)**	(777)	**(777)**	(777)
Mortgage amortisation	**(394,970)**	(417,158)	**-**	-
Foreign exchange loss	**305**	(2,042)	**-**	-
Auditors' remuneration				
– audit services	**24,027**	13,978	**14,290**	7,938
– non-audit services	**13,600**	37,259	**600**	36,509

5 Employee information

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Staff costs				
Wages and salaries	**3,329,249**	3,013,114	**3,249,184**	2,953,755
Social security costs	**239,954**	215,163	**231,257**	208,875
Other pension costs	**140,626**	142,833	**135,228**	135,430
	3,709,820	3,371,110	**3,615,669**	3,298,060

	Number	Number	**Number**	Number
Average monthly number of persons employed during the financial year by activity:				
Administration	**81**	73	**79**	71
Scheme co-ordinators and ancillary staff	**88**	87	**88**	87
Supported housing	**56**	58	**56**	58
	225	218	**223**	216

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	
	2013	2012	**2013**	2012
		£		£
Aggregate emoluments	**421,399**	352,577	**421,399**	352,577
Pension contributions	**51,525**	42,895	**51,525**	42,895
	472,924	395,472	**472,924**	395,472

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 £3,985 during the year (2012: £1,058).

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

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Aggregate emoluments	**101,907**	93,915	**101,907**	93,915
Pension contributions to money purchase schemes	**10,734**	9,835	**10,734**	9,835
	112,641	103,750	**112,641**	103,750

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

	Group		Association	
	2013	2012	**2013**	2012
Salary Band:	**No**	No	**No**	No
£100,000 - £105,000	**1**	-	**1**	-
£90,000 - £95,000	**-**	1	**-**	1
£70,000 - £75,000	**1**	-	**1**	-
£65,000 - £70,000	**2**	1	**2**	1
£60,000 - £65,000	**1**	1	**1**	1
£55,000 - £60,000	**-**	1	**-**	1
£50,000 - £55,000	**1**	-	**1**	-
£40,000 - £45,000	**-**	1	**-**	1
£20,000 - £25,000	**-**	1	**-**	1
	6	6	**6**	6

Notes to the financial statements for the year ended 31 March 2013

7 Transfer to disposal proceeds fund

	Group		Association	
	2012	2012	**2012**	2012
	£	£	**£**	£
Proceeds of disposal	**24,624**	54,502	**24,624**	54,502
Depreciation on properties disposed	**(2,013)**	(1,391)	**(2,013)**	(1,391)
Transfer to disposal proceeds fund (note 15)	**22,611**	53,111	**22,611**	53,111

Other disposals of housing property which occurred in 2013 and 2012 are not required to be transferred to the disposal proceeds fund.

8 Interest receivable and similar income

	Group		Association	
	2013	2021	**2013**	2012
	£	£	**£**	£
Interest receivable	**53,829**	52,546	**53,633**	52,546

9 Interest payable and similar charges

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Housing property loans	**2,199,757**	2,049,483	**2,199,757**	2,049,483
Interest payable to DSD re HAG received in advance	**21,260**	9,100	**21,260**	9,100
Bank interest and charges	**6,257**	6,592	**3,223**	3,893
	2,227,274	2,065,175	**2,224,240**	2,062,476

Notes to the financial statements for the year ended 31 March 2013

10 Tangible fixed assets - housing properties

Group	Cost	Participants' Net Investment	2013 Group Investment	2012
	£	£	£	£
Cost				
At 1 April 2012	595,365	674,639	297,687,284	246,789,263
Foreign exchange movements	-	-	134,983	(708,647)
Introduced on merger	-	-	-	27,614,972
Additions	102,428	100,000	25,924,933	24,269,114
Disposals	-	-	(938,133)	(277,418)
At 31 March 2013	**697,793**	**774,639**	**322,809,067**	**297,687,284**
Housing Association Grant and other grants				
At 1 April 2012	-	-	210,118,806	176,790,149
Introduced on merger	-	-	-	20,696,761
Additions	-	-	11,408,231	12,664,900
Disposals	-	-	(727,068)	(33,004)
At 31 March 2013	**-**	**-**	**220,799,969**	**210,118,806**
Depreciation				
At 1 April 2012	9,874	-	4,570,492	2,523,299
Foreign exchange movements	-	-	14,565	(29,592)
Introduced on merger	-	-	-	417,299
Charge for the year	6,812	-	1,917,067	1,671,762
Disposals	-	-	(75,903)	(12,276)
At 31 March 2013	**16,686**	**-**	**6,426,221**	**4,570,492**
Net book amount comprises:				
- Freehold property			**73,364,569**	61,442,567
- Long leasehold property			**22,218,308**	21,555,419
			95,582,877	82,997,986
Net book amount comprises:				
- Completed schemes			**90,081,454**	75,325,229
- Properties under construction			**5,501,423**	7,672,757
			95,582,877	82,997,986

The assets introduced on merger relate to the former Dungannon and District Housing Association.

10 Tangible fixed assets - housing properties

Association	Cost	Participants' Net Investment	2013 Association Investment	2012
	£	£	£	£
Cost				
At 1 April 2012	595,365	674,639	285,253,874	233,645,991
Introduced on merger	-	-	-	27,614,972
Additions	102,428	100,000	25,473,003	24,268,984
Disposals	-	-	(932,491)	(276,073)
At 31 March 2013	**697,793**	**774,639**	**309,794,386**	**285,253,874**
Housing Association Grant and other grants				
At 1 April 2012	-	-	210,118,806	176,790,149
Introduced on merger	-	-	-	20,696,761
Additions	-	-	11,408,231	12,664,900
Disposals	-	-	(727,068)	(33,004)
At 31 March 2013	**-**	**-**	**220,799,969**	**210,118,806**
Depreciation				
At 1 April 2012	9,874	-	3,952,156	2,163,884
Introduced on merger	-	-	-	417,299
Charge for the year	6,812	-	1,647,732	1,383,249
Disposals	-	-	(75,001)	(12,276)
At 31 March 2013	**16,686**	**-**	**5,524,887**	**3,952,156**
Net book amount comprises:				
- Freehold property			**65,542,136**	53,500,302
- Long leasehold property			**17,927,394**	17,682,610
			83,469,530	71,182,912
Net book amount comprises:				
- Completed schemes			**77,968,107**	63,510,155
- Properties under construction			**5,501,423**	7,672,767
			83,469,530	71,182,912

The assets introduced on merger relate to the former Dungannon and District Housing Association.

Notes to the financial statements for the year ended 31 March 2013

11 Other tangible fixed assets

Group	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2012	2,477,650	626,419	7,600	60,630	3,172,299
Foreign exchange movements	-	198	-	-	198
Additions	128	234,790	-	-	234,918
Disposals	-	(55,107)	-	-	(55,107)
At 31 March 2013	**2,477,778**	**806,300**	**7,600**	**60,630**	**3,352,308**
Depreciation					
At 1 April 2012	716,600	434,943	7,600	53,584	1,212,727
Foreign exchange movements	-	151	-	-	151
Charge for year	58,561	74,785	-	7,046	140,392
Disposals	-	(54,732)	-	-	(54,732)
At 31 March 2013	**775,161**	**455,147**	**7,600**	**60,630**	**1,298,538**
Net book amount					
At 31 March 2013	**1,702,617**	**351,153**	**-**	**-**	**2,053,770**
At 31 March 2012	1,761,050	191,476	-	7,046	1,959,572

Association	Freehold buildings £	Office furniture and equipment £	Fixed asset property £	Motor vehicles £	Total £
Cost					
At 1 April 2012	2,477,650	609,893	7,600	60,630	3,155,773
Additions	128	233,623	-	-	233,751
Disposals	-	(55,107)	-	-	(55,107)
At 31 March 2013	**2,477,778**	**788,409**	**7,600**	**60,630**	**3,334,417**
Depreciation					
At 1 April 2012	716,600	421,850	7,600	53,584	1,199,634
Charge for year	58,561	74,049	-	7,046	139,656
Disposals	-	(54,732)	-	-	(54,732)
At 31 March 2013	**775,161**	**441,167**	**7,600**	**60,630**	**1,284,558**
Net book amount					
At 31 March 2013	**1,702,617**	**347,242**	**-**	**-**	**2,049,859**
At 31 March 2012	1,761,050	188,043	-	7,046	1,956,139

Notes to the financial statements for the year ended 31 March 2013

12 Investments - Association

	2013 Subsidiary Undertaking £	2012 Subsidiary Undertaking £
Cost	**5,002**	5,002

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

The Association also controls Skerry Court Management Services Limited, Springfield Mill Management Company (Belfast) Limited and Curzon Management Company Limited which were dormant throughout the year and have a carrying value of £Nil (2012: £Nil).

13 Debtors

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Rental Debtors Gross – Technical	**260,547**	166,593	**260,547**	166,593
Rental Debtors Gross – Non-technical	**491,536**	430,599	**424,436**	372,014
Provision for bad debts	**(325,097)**	(269,037)	**(283,900)**	(231,242)
Net rental (including rates, service charges) debtors	**426,986**	328,155	**401,083**	307,365
Other Debtors	**449,146**	310,448	**128,450**	154,982
Prepayments and accrued income	**3,297,026**	422,953	**345,712**	292,239
Housing Association Grant receivable	**9,927,395**	6,788,794	**9,927,395**	6,788,794
Amounts owed by subsidiary undertakings	**-**	-	**3,373,171**	77,429
	14,100,553	7,850,350	**14,175,811**	7,620,809

14 Creditors: amounts falling due within one year

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Bank loans (Note 16)	**1,627,680**	13,035,871	**1,627,680**	13,035,871
DSD loans (Note 16)	**92,288**	97,019	**92,288**	97,019
Other taxes and social security	**81,403**	80,930	**71,277**	79,805
Rent, rates and service charges received in advance	**163,892**	239,992	**154,190**	234,392
Housing Association Grant in advance	**10,495,384**	6,819,747	**10,495,384**	6,819,747
Deferred historic building grant	**28,107**	28,884	**28,107**	28,884
Other creditors	**3,675,780**	1,183,791	**2,782,730**	1,035,193
Amounts owed to subsidiary undertakings	**-**	-	**38,649**	13,692
Services equalisation account	**226,947**	321,780	**227,747**	326,407
Accruals and deferred income	**5,736,855**	2,918,764	**6,001,183**	2,774,088
Disposal proceeds fund	**239,664**	186,553	**239,664**	186,553
	22,368,000	24,913,331	**21,758,899**	24,631,651

15 Creditors: amounts falling due after more than one year

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Bank loans (Note 16)	**55,491,467**	34,013,887	**55,491,467**	34,013,887
DSD loans (Note 16)	**842,917**	935,204	**842,917**	935,204
Disposal proceeds fund	**22,611**	53,111	**22,611**	53,111
Mortgage liability	**9,941,001**	9,798,021	**-**	-
	66,297,996	44,800,223	**56,356,995**	35,002,202

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 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	
	2013	2012	**2013**	2012
	£	£	**£**	£
Bank loans - Housing property and other loans				
Less than one year, or on demand (Note 14)	**1,627,680**	13,035,871	**1,627,680**	13,035,871
Between one and two years	**16,136,510**	1,645,077	**16,136,510**	1,645,077
Between two and five years	**13,816,202**	5,165,432	**13,816,202**	5,165,432
After more than five years	**25,538,755**	27,203,378	**25,538,755**	27,203,378
	57,119,147	47,049,758	**57,119,147**	47,049,758

Security

The Danske 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	
	2013	2012	**2013**	2012
	£	£	**£**	£
Department for Social Development - Housing Property Loans				
Less than one year (Note 14)	**92,288**	97,019	**92,288**	97,019
Between one and two years	**94,545**	92,288	**94,545**	92,288
Between two and five years	**297,186**	300,711	**297,186**	300,711
After more than five years	**451,186**	542,205	**451,186**	542,205
	935,205	1,032,223	**935,205**	1,032,223

Security

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

As part of the merger with the former Dungannon and District Housing Association, loans totalling £408,935 were introduced in 2012. This represented £141,930 of DSD loans and £267,005 of bank loans held with Northern Bank and Bank of Ireland at 31 March 2012.

17 Called up share capital

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Ordinary shares of £1 each, fully paid				
At 1 April 2012	**20**	21	**20**	21
Allotted during the year	**1**	1	**1**	1
Transfer to capital reserve	**(1)**	(2)	**(1)**	(2)
At 31 March 2013	**20**	20	**20**	20

18 Capital reserve

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
At 1 April 2012	**8**	6	**8**	6
Transfer from share capital	**1**	2	**1**	2
At 31 March 2013	**9**	8	**9**	8

19 Mortgage amortisation reserve - Group

	£
At 1 April 2012	2,273,741
Foreign exchange movements	26,002
Transfer from retained funds	403,645
At 31 March 2013	**2,703,388**

20 Designated reserves – Group

	Major repairs	Cyclical repairs	Furniture replacement	Bequests	Reserve for future investment in housing property	Total
	£	£	£	£	£	£
At 1 April 2012	10,432,061	520,497	272,621	43,438	-	11,268,617
- transfers between designated reserves	(10,123,689)	(439,638)	(272,621)	(43,438)	10,879,386	-
- Transfers from revenue reserves	41,746	(964)	-	-	1,570,056	1,610,838
Sub-total	350,118	79,895	-	-	12,449,442	12,879,455
- foreign exchange movements	4,326	755	-	-	-	5,081
Sub-total	4,326	755	-	-	-	5,081
At 31 March 2013	**354,444**	**80,650**	**-**	**-**	**12,449,442**	**12,884,536**

Notes to the financial statements for the year ended 31 March 2013

20 Designated reserves – Association

	Major repairs	Cyclical repairs	Furniture replacement	Bequests	Reserve for future investment in housing property	Total
	£	£	£	£	£	£
At 1 April 2012	10,123,689	439,638	272,621	43,438	-	10,879,386
- Transfers between designated reserves	(10,123,689)	(439,638)	(272,621)	(43,438)	10,879,386	-
- Transfers from revenue reserves	-	-	-	-	1,570,056	1,570,056
At 31 March 2013	**-**	**-**	**-**	**-**	**12,449,442**	**12,449,442**

21 Reconciliation of movements in funds

	Group		Association	
	2013	2012	**2013**	2012
	£	£	**£**	£
Surplus on ordinary activities	**1,854,000**	1,550,704	**1,637,477**	1,306,271
Allotment of share capital	**1**	1	**1**	1
Translation loss	**29,817**	(117,936)	**-**	-
Opening funds	**24,456,369**	23,023,600	**22,311,993**	21,005,721
Closing funds	**26,340,187**	24,456,369	**23,949,471**	22,311,993

22 Net cash inflow from operating activities

	2013	2012
	£	£
Operating surplus	**4,131,557**	3,761,198
Movement in service charges equalisation account	**(201,148)**	62,688
Depreciation charge	**2,057,459**	1,804,136
Amortisation of mortgages	**(394,970)**	(417,158)
Release of capital grant	**(777)**	(777)
Write off of other fixed assets	**-**	3,942
Movement in debtors	**(3,242,485)**	(116,197)
Movement in creditors	**3,151,083**	414,280
Movement in foreign exchange on translation	**4,717**	(6,639)
Net cash inflow from operating activities	**5,505,436**	5,505,473

Notes to the financial statements for the year ended 31 March 2013

23 Analysis of net debt

	1 April 2012	Cash flow	Non-cash changes	31 March 2013
	£	£	£	£
Cash at bank and in hand	1,362,015	**1,906,968**	**-**	**3,268,983**
	1,362,015	**1,906,968**	**-**	**3,268,983**
Debt due after one year	(34,949,091)	**-**	**(21,385,293)**	**(56,334,384)**
Debt due within one year	(13,132,890)	**(9,972,371)**	**21,385,293**	**(1,719,968)**
	(46,719,966)	**(8,065,403)**	**-**	**(54,785,369)**

24 Reconciliation of net cash flow to movement in net debt

	2013	2012
	£	£
Increase/(decrease) in cash in financial year	**1,906,968**	(8,123,254)
Repayment of loans	**4,478,629**	2,189,354
Loans introduced on merger	**-**	(408,935)
New loans	**(14,451,000)**	(11,900,000)
Movement in net debt in the financial year	**(8,065,403)**	(18,242,835)
Net debt at 1 April	**(46,719,966)**	(28,477,131)
Net debt at 31 March	**(54,785,369)**	(46,719,966)

25 Turnover, operating costs and operating surplus - Association

Turnover, operating costs and operating surplus		**2013**		2012
	Operating Turnover	**Operating Costs**	**Operating Surplus**	Operating Surplus
	£	£	£	£
Social Housing Activities	**15,774,523**	**12,046,834**	**3,727,689**	3,388,221
Non-Social Housing Activities	**353,964**	**174,196**	**179,768**	125,844
Total	**16,128,487**	**12,221,030**	**3,907,457**	3,514,065

26 Housing Stock - Association

Number of units owned on 31 March	**2013**	2012
General needs housing	**1,870**	1,542
Independent living/ housing for older people (including resident scheme co-ordinator)	**1,260**	1,260
Supported housing (including housing with care)	**171**	171
Affordable housing (part owned with participants)	**14**	12
Total owned	**3,315**	2,985

Number of units managed by (but not owned) on 31 March		
General needs housing	**33**	33
Total units owned and managed at 31 March	**3,348**	3,018

Notes to the financial statements for the year ended 31 March 2013

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

	General Needs Housing £	Sheltered Housing £	Residential Care Homes £	Supported Housing £	Total Social Housing £	Other Income £	2013 Total £	2012 Total £
Income from Social Housing Lettings								
Rent receivable net of service charges	8,324,613	3,629,750	962,746	148,784	13,065,893	27,589	**13,093,482**	10,398,932
Service charges receivable	538,010	2,223,001	-	258,207	3,019,218	-	**3,019,218**	2,684,791
Other	-	-	137,579	-	137,579	326,375	**463,954**	342,511
Gross Income from rents and service charges	**8,862,623**	**5,852,751**	**1,100,325**	**406,991**	**16,222,690**	**353,964**	**16,576,654**	13,426,234
Less voids	(90,176)	(173,037)	(83,685)	(9,957)	(356,855)	-	**(356,855)**	(399,840)
Bad debts (rent and service charges)	(82,619)	(9,506)	1,606	(793)	(91,312)	-	**(91,312)**	(70,704)
Net Income from rents and service charges	**8,689,828**	**5,670,208**	**1,018,246**	**396,241**	**15,774,523**	**353,964**	**16,128,487**	12,955,690
Operating Costs								
Services	554,502	1,495,228	326,486	147,854	2,524,070	-	**2,524,070**	2,126,459
Supporting People Costs	-	684,259	-	103,994	788,253	-	**788,253**	772,893
Care Costs	-	-	384,956	-	384,956	-	**384,956**	380,892
Management Costs	770,442	480,700	203,100	61,076	1,515,318	547	**1,515,865**	1,270,099
Maintenance Administration Costs	324,189	218,437	-	29,645	572,271	-	**572,271**	502,534
Planned and cyclical maintenance	403,308	399,442	-	27,879	830,629	-	**830,629**	475,343
Reactive maintenance	1,183,605	840,549	89,231	107,808	2,221,193	-	**2,221,193**	1,307,760
Major repairs	32,445	87,621	-	66	120,132	-	**120,132**	74,919
Depreciation of social housing	1,030,864	593,690	5,950	10,414	1,640,918	6,812	**1,647,730**	1,383,249
Rates payable	1,089,019	360,035	-	40	1,449,094	-	**1,449,094**	1,036,637
Depreciation of Non-Social Housing Assets	-	-	-	-	-	101,382	**101,382**	95,598
Development Costs written off	-	-	-	-	-	65,455	**65,455**	15,241
Total Operating Costs	**5,388,374**	**5,159,961**	**1,009,723**	**488,776**	**12,046,834**	**174,196**	**12,221,030**	9,441,624
Operating Surplus/(Deficit)	**3,301,454**	**510,247**	**8,523**	**(92,535)**	**3,727,689**	**179,768**	**3,907,457**	3,514,066

Notes to the financial statements for the year ended 31 March 2013

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

	General Needs Housing £	Sheltered Housing £	Residential Care Homes £	Supported Housing £	Total Social Housing £	Other Income £	2013 Total £	2012 Total £
Surplus/(Deficit) on disposal of fixed assets	(76,762)	-	-	-	(76,762)	-	**(76,762)**	(144,754)
Transfer to Disposal Proceeds Fund	(22,611)	-	-	-	(22,611)	-	**(22,611)**	(53,111)
Interest Payable	(2,012,350)	(193,371)	-	(15,296)	(2,221,017)	(3,223)	**(2,224,240)**	(2,062,476)
Interest Receivable and other income	-	-	-	-	-	53,633	**53,633**	52,546
Surplus/(Deficit) on Ordinary Activities	**1,189,731**	**316,876**	**8,523**	**(107,831)**	**1,407,299**	**230,178**	**1,637,477**	1,306,271
Less Transfers to Designated Reserves	**-**	**-**	**-**	**-**	**-**	**-**	**(1,570,056)**	(455,466)
Retained Surplus for the year	**-**	**-**	**-**	**-**	**-**	**-**	**67,421**	850,805
DSD Allowances								
Management Allowances	**681,120**							575,784
Management Costs	**(770,442)**							(599,138)
(Deficit)/Surplus	**(89,322)**							(23,354)
Maintenance Allowances	**840,023**							757,543
Planned and cyclical maintenance	**(402,532)**							(228,186)
Reactive maintenance	**(1,183,605)**							(507,777)
Surplus/(Deficit)	**(746,114)**							21,580
Gross Income from Rents and service charges								
Technical	**11,279,265**							8,989,844
Non Technical	**4,943,425**							4,208,529
Total	**16,222,690**							13,198,373

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.

Notes to the financial statements for the year ended 31 March 2013

28 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 was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members 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 and the defined contribution benefit structures 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 14.5%. Member contributions varied between 7.95% and 9.95% dependent on their age.

As at the balance sheet date there were 36 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £874,637. 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.

Notes to the financial statements for the year ended 31 March 2013

28 Pension commitments (continued)

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides and approximate update of the funding position of the scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,327 million. The Actuarial Report revealed a shortfall of assets compared to the value of liabilities of £1,241 million, equivalent to a past service funding level of 65%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% pa
Valuation discount rates:	
- Pre retirement	7.0
- Non pensioner post retirement	4.2
- Pensioner post retirement	4.2
- Pensionable earnings growth	2.5 per annum for 3 years then 4.4
- Price inflation (RPI)	2.9
Pension increases	
- Pre 88 GMP	0.0
- Post 88 GMP	2.0
- Excess over GMP	2.4

Expenses for death in service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality-post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2013 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	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

Notes to the financial statements for the year ended 31 March 2013

28 Pension commitments (continued)

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 £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates. The Scheme Actuary will provide an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The results of this approximate update will be available in Spring 2014 and will be included in 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 2.5% 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). A response regarding the 30 September 2011 valuation is awaited.

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.

Notes to the financial statements for the year ended 31 March 2013

28 Pension commitments (continued)

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 2012. As of this date the estimated employer debt for the Association was £3,399,581

29 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, Kildare 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.

The Association released Housing Association Grant of £643,118 during the year in relation to building components replaced arising from planned maintenance works. The possibility of any reimbursement to the Department for Social Development is considered to be unlikely as the housing properties are expected to continue to be made available for social housing for the foreseeable future.

30 Capital commitments - Housing Properties – Association

	2013	2012
	£	£
Capital expenditure		
Contracted for but not provided in the financial statements	**22,245,597**	23,672,851

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 intern

Notes to the financial statements for the year ended 31 March 2013

31 Related party disclosures

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

	2013	2012
	£	£
Amounts owed by subsidiary undertakings		
Clanmil Properties Limited	**74,134**	3,816
Clanmil Developments Limited	**3,235,735**	55,502
Clanmil Housing Association Ireland Limited	**24,653**	4,419

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

	2013	2012
	£	£
Clanmil Properties Limited		
Rent charge from Clanmil Housing Association Limited to Clanmil Properties Limited	**112,516**	112,938
Management and administration charge from Clanmil Housing Association Limited to Clanmil Properties Limited	**20,076**	8,681
Contribution from Clanmil Properties Limited to Clanmil Housing Association Limited in respect of the insurance of Northern Whig House	**2,799**	2,583
Gift aid donation from Clanmil Properties Limited to Clanmil Housing Association Limited	**94,176**	17,508
Rent and service charges from Clanmil Properties Limited to Clanmil Housing Association Limited	**101,865**	101,772
Clanmil Developments Limited		
Management and administration charge from Clanmil Housing Association Limited to Clanmil Developments Limited	**97,954**	889
Charge from Clanmil Developments Limited to Clanmil Housing Association Limited for the provision of property development services	**32,135,008**	876,453
Charge from Clanmil Housing Association Limited to Clanmil Developments Limited for the provision of property development services	**31,975,132**	872,653
Gift aid donation from Clanmil Developments Limited to Clanmil Housing Association Limited	**32,143**	-
Clanmil Housing Association Ireland Limited		
Management and administration charge from Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	**26,632**	17,255
Unsecured loan advanced by/(repaid to) Clanmil Housing Association Limited to/(by) Clanmil Housing Association Ireland Limited	**-**	16,566
Loan interest charged by Clanmil Housing Association Limited to Clanmil Housing Association Ireland Limited	**7**	81