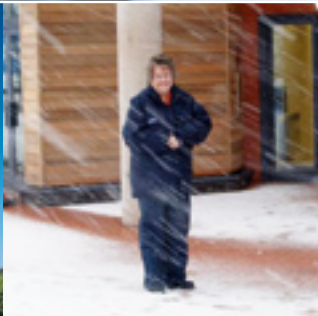


# WORKING FOR CARDIFF

[www.ccha.org.uk](http://www.ccha.org.uk)  
[www.myplaceinthebay.co.uk](http://www.myplaceinthebay.co.uk)



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# Board Members, Executive Officers and Professional Advisors

## Board Members

<b>Chair</b>	Ms S Bickerton
<b>Vice Chair</b>	Ms D Rosser
<b>Secretary</b>	Mr R Hayes
<b>Treasurer, Chair of Scrutiny Committee</b>	Mrs J Hughes

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## Other Members

Mr R Edwards  
Mr D Cargill  
Mr P Tyndall  
Mr H Ghrairi  
Mr E Grant  
Mrs P Wheeler  
Mr R Smith  
Mr S Kelly  
Mr G Owen Evans  
Mrs J O'Brien (Deceased)  
Ms M Foday (Co-opted)

---

## Executive Officers

<b>Chief Executive</b>	Mr K Protheroe
<b>Finance Director</b>	Mr N Edwards
<b>Property Development Director</b>	Mr N Hampshire
<b>Housing Director</b>	Mr M Thomas

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## Registered Office

2 Ocean Way  
Ocean Park  
Cardiff  
CF24 5TG

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## Area Offices

20 Splott Road Splott Cardiff CF24 2BZ	50 Meteor Street Adamsdown Cardiff CF24 OHE
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# Board Members, Executive Officers and Professional Advisors (Continued)

## Professional Advisors

### External Auditors

HWCA Limited  
Pagefield House  
24 Gold Tops  
Newport  
NP20 4PG

### Internal Auditors

TIAA (HA) Ltd  
Regis House  
Malthouse Avenue  
Cardiff Gate Business Park  
Cardiff  
CF23 8RU

### Principal Bankers

Barclays Bank plc  
PO Box 1015  
3rd Floor, Windsor Court  
3 Windsor Place  
Cardiff  
CF10 1ZL

### Legal Advisors

Merrills Ede  
Hugh James Ford Simey  
Morgan Cole  
L G Williams & Prichard

Registered under the Industrial and Provident Societies Act No. 21667R  
Registered by the Welsh Assembly Government No. L035

# Statement on Corporate Governance

For the year ended 31 March 2007

## Board of Management

The Board of Management comprises up to fifteen non-executive members, five of whom are tenant members, and a possible five additional co-opted members. The Board is responsible for managing the affairs of the Association. Board members are drawn from a wide background bringing together professional, commercial and local experience together with tenant representatives.

The Board is responsible for the Association's strategy and policy framework. It delegates the day to day management and implementation of that framework to the Chief Executive and other senior executives. The senior executives meet monthly and attend Board meetings.

The term 'Board' is being used as a working title whilst the Association is in the process of adopting NHF Model Rules 2005 (as revised). The proposed Rules have been approved by the Welsh Assembly Government, the Association's Board and the Association's share members at an SGM held on 31st January 2007. The Association still requires the approval of the FSA, which it is presumed will be forthcoming shortly.

Once fully approved the new Rules will require a reduction in Board membership to twelve places. The principle of one-third of the Board being tenant members will be retained and is formalised in the new rules.

## Meetings

Board members are elected at the Annual General Meeting.

The Board meets eleven times per year (including the Annual General Meeting). Individual meetings are themed to consider substantive matters relating to the Association's strategic and operational activities.

The Board receives reports and considers policies in respect of the housing management, maintenance and community services functions, financial management and the implementation of the Association's financial

regulations. Reports are also received concerning development activity with regard to the appraisal of projects against the risk management policies/ Corporate Plan, and consideration of the annual investment programme. The Board considers reports in respect of its employment and legal responsibilities as part of personnel reporting requirements. Board meetings are attended by the Chief Executive, Finance Director, Property Director and the Housing Director. Other staff attend board meetings as required e.g. the Human Resources Manager.

A separate Scrutiny Committee comprising five Board members meets four times a year and is attended by the Chief Executive, the Head of Policy and Research and the Executive Director of TIAA (HA) Ltd., (subsequently referred to as TIAA).

It advises the Board on internal audit functions, the effectiveness of internal control functions and performance audit reports. It also undertakes the review and appointment (subject to Board approval) of external and internal auditors and their remuneration.

The Scrutiny Committee also analyses in depth the full spectrum of activities conducted by the Association in accordance with a work programme set for the Committee by the Board. Directors and Managers responsible for the service area or strategy being scrutinised attend the Scrutiny Committee as required.

The Board considers reports on recommendations arising out of internal/external audit and Welsh Assembly Government Regulation inspections/Action plans and monitors their implementation against targets set.

## Internal financial control

In meeting its responsibilities for the internal control arrangements, the Board of Management procures internal audit services through TIAA.

The delivery of the internal audit programme is carried out by the staff of TIAA, who have direct access to the Chairs of the Scrutiny Committee and the Board. A risk based programme of audits to

# Statement on Corporate Governance (continued)

## for the year ended 31 March 2007

review the system of internal control of all aspects of the Association's activities is agreed annually. The reviews are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Scrutiny Committee reviewed the system of internal controls for the period 1 April 2006 to the date of approval of the financial statements.

The procedures that have been established which are designed to provide effective internal financial control are:

- written financial procedures/regulations and delegated authorities;
- comprehensive systems of financial reporting including annual budgets and quarterly management accounts being reported to the Board, showing actual performance against budget and highlighting any variances;
- monitoring of the internal financial controls and procedures by the internal auditor whose reports are reviewed by the Scrutiny Committee;
- clearly defined management and reporting structures;
- an annually revised three year Corporate plan incorporating five year financial forecasts and targets in respect of growth and unit costs;
- an annually revised thirty-year financial forecast, required by the Welsh Assembly Government, and submitted to them annually, which extrapolates the financial direction of the Association.

# Report of the Board of Management

For the year ended 31 March 2007

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

## Principal objectives and activities

The principal objectives and activities of the Association are the provision of housing and associated amenities for persons in necessitous circumstances upon terms appropriate to their means.

## Board members and senior executives

The Board members and senior executives of the Association who served during the year are set out on page 3. All of the Board members, except Mrs J O'Brien, served throughout the year. Mrs O'Brien sadly died in January 2007; she was a CCHA tenant and Board member for fifteen years and is sadly missed.

The senior executives hold no interest in the Association's shares and have no legal status as directors although they act as executives within authority delegated by the Board.

## Employees

The strength of the Association lies in the quality and commitment of its employees. Our ability to meet our objectives and commitments to our customers in an efficient and effective manner depends on the contribution of employees throughout the Association.

The Association continues to provide information on its objectives, progress and activities through regular team meetings and staff conferences. The Association provides training programmes focused on the knowledge, skills and teamwork necessary to meet the objectives of the Association.

The Association was re-accredited against the Investors in People and Charter Mark standards during the year.

## Review of business

The financial performance of the Association for the year is detailed in the financial statements. The Board of Management considers that the results are satisfactory and indicate the continued growth and financial strength that will enable the Association to expand the provision of high quality housing solutions for those in need.

The Association continued to develop new housing for rent, and low-cost home ownership properties for sale, during the year. In total the Association produced 225 new homes, its highest number for over a decade. Homes available for rent increased from 2,352 to 2,501 between 1st April 2006 and 31st March 2007.

Completed schemes included:

- 151 one and two bedroom apartments at Aquila, Cardiff Bay;
- 47 one and two bedroom apartments at Galleon Way, Cardiff Bay;
- 12 one and two bedroom apartments at the Granary, Lloyd George Avenue;
- 13 at St Phillip Evans Close, Coed-y-Gores, Llanederyn, including family homes and disabled persons' accommodation;
- 2 family rehab properties in the Adamsdown area.

The Association sold 47 Low Cost Home Ownership (LCHO) properties during the year in accordance with the criteria set by Cardiff Council, our partners in this initiative.

Turnover from rental income was £8,039,000 reflecting an increase in rents in line with benchmark rents issued by the Welsh Assembly Government.

The Association's revenue reserve increased by £178,000 after transfers to designated & restricted reserves of £1,076,000. The Board of Management considers this to be a satisfactory result, especially considering the major upgrading of many of our older properties. The Association generated £1,373,000 surplus from the sale of property, attributable principally to the sale of the LCHO properties. In the year, the Association received capital grants of over £5,000,000.

# Report of the Board of Management (Continued)

for the year ended 31 March 2007

In addition to our new-build work, detailed above, the Association completed, or significantly progressed, a broad spectrum of other projects; for example we:

- introduced a Welsh Language Scheme, which has been formally approved by the Welsh Language Board;
- surveyed all our tenants to establish their language preferences;
- dealt with 175 reports of nuisance, including 12 cases of racial harassment. Our actions in the year included: one eviction, two demoted tenancies and two injunctions - one of the injunctions alone cost over £13,000 to obtain in legal costs;
- spent over £2,804,000 on planned maintenance and day-to-day repairs;
- carried out surveys on nearly all our homes to determine what we need to do to meet WHQS;
- completed the Community Garden at the Adamsdown Community and Tenant Resource Centre - around £25,000 in grants were received for the project;
- worked with 'Communities at One' to provide computer equipment and training at our Tremorfa Community Hall - grants of £11,000 were raised;
- continued our support of Care and Repair, who assisted more than 1000 older persons last year and received grant-income of over £300,000, notably from the Welsh Assembly Government and Cardiff Council;
- improved facilities in our reception for disabled visitors and those with hearing difficulties, and extended opening hours for all customers;
- progressed Cardiff Accessible Homes, our disabled persons' housing service, finding suitable accommodation for 16 disabled applicants. The service is financially supported by Cardiff Council and subscription payments from other housing associations who use the service;
- further developed our partnership with the Integrate Consortium, of which the Association is a founder member.

## Future developments

It has been a successful year for the Association and the year ahead contains more exciting challenges. For instance we:

- will complete a major reorganisation of our Property and Housing teams to improve service to our customers;
- will commence our five-year planned programme to ensure that all our homes meet WHQS by 2012;
- return to Splott, one of our heartland areas, to build a £4 million, 40 apartment scheme at Sanquahar Street;
- will make major progress, in partnership with Cardiff Council, with the regeneration of the 'Trowbridge shops' site at Caernarvon Way, Trowbridge. This £6 million scheme, will deliver a new parade of shops, a new community centre and 45 homes for rent, including 30 family homes;
- develop and build a new purpose-built community hall in Trowbridge, in partnership with the Council;
- continue to develop our partnership with the Integrate Consortium and with Valleys to Coast Housing Association to deliver its new build programme over the next three years.

## Changes in fixed assets

Details of fixed assets are set out in notes 9 to 13 of the financial statements.

# Report of the Board of Management (Continued)

for the year ended 31 March 2007

## Reserves

Transfers to reserves are set out in note 20.

## Donations

The following donations were made during the year:

Homeless International	£ 500
Shelter Wales	£ 1,000
Geoff Mungham - Annual Memorial Prize	£100

## Statement of Board of Management responsibilities

The Board of Management are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social housing legislation require the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Income and Expenditure of the Association for that period. In preparing these financial 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 and the Statement of Recommended Practice "Accounting by Registered Housing Associations" have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the relevant legislation. The Board is also responsible for maintaining an adequate system of internal control and safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Board of Management is aware:

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

## Annual General Meeting

The Annual General Meeting will be held on the 12th September 2007 at the National Museum, Cardiff. At this meeting, the Association's 2006/07 Annual Report will be presented for adoption.

## Auditors

A resolution to re-appoint HWCA Limited as auditors to Cardiff Community Housing Association Limited, will be proposed at the Annual General Meeting.



By Order of the Board of Management  
**Sarah Bickerton**  
Chair  
25th June 2007

# Independent Auditors' Report to the Members of Cardiff Community Housing Association Limited

We have audited the financial statements of Cardiff Community Housing Association Limited for the year ended 31 March 2007 which comprise the Income and Expenditure Account, Balance Sheet, the Cash Flow Statement and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

This report is made solely to the Association's members, as a body corporate, in accordance with the requirements of the Industrial and Provident Societies Act 1965 to 2002, schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales - General Determination 2000. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Board of Management and the auditors

The Association's Board of Management responsibilities for the preparation of the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the requirements of the Industrial and Provident Societies Act 1965 to 2002, schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales - General Determination 2000.

We also report to you if, in our opinion, the Board's report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if a satisfactory system of internal control has not been established and maintained.

We review whether the Board of Management statement on internal financial control reflects the Association's compliance with the Housing for Wales Circular HFW 8/97 "Internal financial control and financial reporting" and we report whether the statement is not inconsistent with the information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

# Independent Auditors' Report to the Members of Cardiff Community Housing Association Limited (Continued)

## Opinion

### In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2007 and the surplus and cash flow of the Association for the year then ended;
- the financial statements have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Act 1965 to 2002, schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales - General Determination 2000; and
- the information given in the Board report is consistent with the financial statements for the year ended 31st March 2007.

With respect to the Board of Management's statement on internal financial control, in our opinion, the Board of Management has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

*HWCA Limited*  
*1st August 2007*

**HWCA Limited**  
Chartered Accountants  
& Registered Auditors  
24 Gold Tops  
Pagefield House  
Newport  
South Wales  
NP20 4PG

# Income and Expenditure Account

for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
<b>Turnover</b>	3a	9,418	8,265
Less: <b>Operating Costs</b>	3a	(7,418)	(5,980)
<b>Operating surplus</b>	6	<b>2,000</b>	<b>2,285</b>
Surplus on disposal of fixed assets		1,373	281
Interest receivable and similar income		46	14
Interest payable and similar charges	8	(2,165)	(1,753)
<b>Surplus on ordinary activities before taxation</b>		<b>1,254</b>	<b>827</b>
<b>Taxation</b>		-	-
<b>Surplus for year on ordinary activities after taxation</b>		<b>1,254</b>	<b>827</b>
Transfer (to) Major Repairs designated fund	20	(4,254)	-
Transfer (to) Rent Surplus Fund	20	3,199	(255)
Transfer (to) Service Equipment designated reserves	20	(21)	(43)
<b>Transfer (to) designated reserves</b>	20	<b>(1,076)</b>	<b>(298)</b>
<b>Surplus for year after transfer to designated reserves</b>		<b>178</b>	<b>529</b>
<b>Revenue reserve brought forward</b>	20	6,184	5,655
<b>Revenue reserve carried forward</b>	20	<b>6,362</b>	<b>6,184</b>

## Continuing Operations

None of the Association's activities were acquired or discontinued during the year.

## Statement of Total Recognised Surpluses and Deficits

For the year ended 31st March 2007

	2007 £'000	2006 £'000
<b>Surplus for year</b>	1,254	827
<b>Total surpluses recognised since last annual report</b>	<b>1,254</b>	<b>827</b>

# Balance Sheet

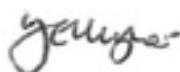
As at 31st March 2007

	Notes	2007 £'000	2006 £'000
<b>Tangible fixed assets</b>			
Housing properties			
- gross cost less depreciation	9	134,716	133,540
less SHG and other government grants	10	(88,849)	(85,286)
less other grant	10	(753)	(603)
		<u>45,114</u>	<u>47,651</u>
Investments	11	4,444	324
Less Grant		(61)	(61)
		4,383	263
Other assets	12	3,142	3,214
Less Grants	13	(43)	(43)
		<u>3,099</u>	<u>3,171</u>
		<u>52,596</u>	<u>51,085</u>
<b>Current assets</b>			
Debtors	14	1,012	688
Investments	15	1,750	2,000
Cash at bank and in hand	16	525	413
		<u>3,287</u>	<u>3,101</u>
<b>Creditors: (amounts falling due within one year)</b>	17	<u>(2,957)</u>	<u>(2,771)</u>
<b>Net current assets</b>		330	330
<b>Total assets less current liabilities</b>		52,926	51,415
<b>Creditors: (amounts falling due after more than one year)</b>	18	(41,311)	(41,054)
<b>Net assets</b>		<u>11,615</u>	<u>10,361</u>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Restricted reserves	20	43	43
Designated reserves	20	5,210	4,134
Revenue reserve	20	6,362	6,184
		<u>11,615</u>	<u>10,361</u>

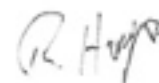
The financial statements on pages 12 - 35 were approved by the Board of Management on the 27th July 2007 and were signed on its behalf by:



Ms S Bickerton - Chair



Mrs J Hughes - Treasurer



Mr R Hayes - Secretary

# Cash Flow Statement

for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	1	2,687	2,743
Returns on investments and servicing of finance	3	(2,119)	(1,739)
Taxation		-	-
Capital expenditure	3	290	(11,229)
		858	(10,225)
Management of liquid resources	3	250	1,000
Financing	3	(996)	9,261
Increase in cash	2, 4	112	36

## Note 1 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £'000	2006 £'000
Operating surplus	2,000	2,285
Depreciation charges	578	544
(Increase) in debtors	(324)	(331)
Increase in creditors	433	202
Increase in provisions	-	43
Donated Asset	-	-
Net cash inflow from operating activities	2,687	2,743

## Note 2 Reconciliation of net cash flow to movement in net debt

	2007 £'000	2006 £'000
Increase in cash in the period	112	36
Cash (inflow) from loans	996	(9,023)
Cash from increase/(decrease) in liquid resources	(250)	(1,000)
Change in net debt	858	(9,987)
Net debt at 1st April	(39,084)	(29,097)
Net debt at 31st March	(38,226)	(39,084)

# Notes to the cash flow statement

## for the year ended 31 March 2007

### Note 3 Gross cash flows

#### Returns on investments and servicing of finance

Interest received	46		14	
Interest paid	(2,165)		(1,753)	
		<b>(2,119)</b>		<b>(1,739)</b>

#### Capital expenditure

Payments to acquire tangible fixed assets	(7,609)		(15,737)	
Social Housing Grant received	5,145		3,935	
Receipts from sale of tangible fixed assets	2,604		513	
Capital Grants received	150		60	
		<b>290</b>		<b>(11,229)</b>

#### Management of liquid resources

Investments made	(1,750)		(2,000)	
Investments redeemed	2,000		3,000	
		<b>250</b>		<b>1,000</b>

#### Financing

Issue of ordinary share capital	-		-	
Housing loans received	-		12,500	
Housing loans repaid	(996)		(3,239)	
		<b>(996)</b>		<b>9,261</b>

### Note 4 Analysis of changes in net debt

	At 1st April 2006 £'000	Cash Flows £'000	Other changes £'000	At 31st March 2007 £'000
Cash at bank and in hand	413	112	-	525
Loans due within one year	(847)	191	-	(656)
Loans due after one year	(40,650)	805	-	(39,845)
Current asset investments	2,000	(250)	-	1,750
	<b>(39,084)</b>	<b>858</b>	-	<b>(38,226)</b>

# Notes to the Financial Statements

## 1. Legal Status

The Association is registered under the Industrial and Provident Societies Act 1965 and is a registered social landlord. The Association has adopted charitable rules.

## 2. Accounting Policies

### Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs below. These financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and Statements of Recommended Practice in the United Kingdom and in particular with the Statement of Recommended Practice - Accounting by Registered Social Landlords, and the Accounting Requirements for Social Landlords Registered in Wales - General Determination 2000.

### Turnover (*note 3(b)*)

Turnover represents rent and service income receivable less voids, income from properties leased to the City and County of Cardiff and various grants received.

### Fixed Assets

#### ■ Capitalisation of Housing properties (*note 9*)

- **Properties, Initial Costs** - housing properties should be measured at cost which includes only those costs which are directly attributable. Apart from land costs, contract payments, architect's fees etc., certain internal costs are also capitalised. These internal costs relate to costs directly attributable to bring an asset into management, together with incremental costs incurred by the Association that would have been avoided if the asset had not been acquired. In practice this includes only the internal staff costs directly attributable in bringing a scheme into management but not associated overheads. Expenditure on abortive schemes is written off to revenue in the year the scheme is deemed abortive.

Lifts are treated as a separate class of asset.

- **Properties, Additional Costs** - expenditure relating to planned maintenance or improvement will only be capitalised if it results in an increase to the economic performance of the asset. If the expenditure only maintained the asset's performance or arrested its decline in performance, it cannot be capitalised. To increase an asset's performance, expenditure must result in one or more of the following occurring: -

- Increased rental income
- A reduction in future maintenance costs
- A significant extension to the life of the property

- **Impairment Review** - Properties should not be shown at an amount exceeding their recoverable amount. The Association checks annually for any indication of impairment by reference to:

- trends in voids rates and letting of stock
- advice from external valuers regarding their expectations of the value of stock.

Where there is any indication of impairment, a full review is carried out.

#### ■ Capitalisation of interest (*note 8*)

From 2005/06 interest on capital borrowed to enable the financing of each development is capitalised, to the extent that it accrues in respect of the period of the development, in accordance with the Statement of Recommended Practice - Accounting by Registered Social Landlords 2005. In such instances, the development activities are demonstrably in progress. The capitalisation of interest represents either:

- A fair proportion of interest on borrowings of the Association as a whole; or
- Interest on borrowings specifically financing the development programme or scheme.

The amount of interest capitalised during the period is disclosed in a note to the accounts as a deduction from total interest payable in the period. The interest capitalised is based on the average cost of borrowing, except where a specific loan facility is used to fund the development, in which case the interest on the specific loan is used.

### ■ Depreciation (notes 9 and 12)

- **Housing properties** - these are held in the balance sheet at historic cost less grant. The following lives are to be used in relation to new properties built or acquired.

- Modern purpose built houses 150 years
- Modern purpose built flats 100 years
- Older refurbished house/existing flats 100 years
- Older refurbished flats 50 years

Freehold land and housing properties in the course of construction are not depreciated.

The assets are depreciated on the straight line basis and the residual value of the asset relates solely to the cost of the land held in the balance sheet.

The only exception to this policy relates to the lifts at various locations which are to be depreciated over 25 years. The depreciable amount relates to the mechanical part of the lift and does not include the lift shaft.

### ■ Other fixed assets (note 12)

The Board of Management has determined to depreciate the cost of the office premises (excluding land) by 2% of cost per annum.

Office fittings, furnishings and telephone equipment are depreciated at the rate of 10% of original cost per annum.

Motor vehicles are depreciated at the rate of 25% of reducing value per annum.

Computer and other electronic equipment is depreciated at the rate of 25% of cost per annum. The IBS software system is being depreciated at the rate of 16.67% of cost per annum.

### ■ Assets for which a service charge is made to tenants

The Rent Officer has determined a range of capitalisation periods for fittings and furnishings for which a service charge can be levied on tenants. These periods range from 25 years for lifts (4% per annum) to 8 years for appliances (12.5% per annum).

### Social Housing Grants (Housing Association Grants) (notes 10 and 23)

Housing Association Grants (HAG) were historically made by the former Welsh Office and were utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it was estimated could be serviced by the net annual income of the scheme.

The 1988 Housing Act introduced HAG as a fixed percentage of the approved scheme cost. In 1996 this grant was renamed Social Housing Grant (SHG). SHG that is wholly pre-determined is referred to in the financial statements as "fixed SHG". SHG is now awarded by the Welsh Assembly Government.

The amount of SHG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time by the Welsh Assembly Government. The grants are paid direct to the lending authority and are reflected in the accounts of the Association either when the payment has been made and the relevant mortgage loan reduced or when fixed SHG has been claimed from the lending authority.

SHG received at the end of the year has been allocated over the aggregate cost of development. Any SHG in advance included in the creditors is the net of SHG receivable in respect of the units in development less the total costs capitalised in respect of those units.

SHG is recycled under certain circumstances, primarily following the sale of a property but will normally be restricted to net proceeds of sale. Work to existing housing properties is generally treated as repairs and charged to the income and expenditure account. Where works are in the nature of improvement then that expenditure is capitalised in housing properties. SHG is matched to the category of expenditure within the income and expenditure account or balance sheet as appropriate.

A proportion of Social Housing Grant relating to uncapitalised development costs has been allocated to the Income and Expenditure Account.

### **Fixed Asset Investments (note 11)**

The Rent to Mortgage scheme was introduced by S.108 of the Leasehold Reform, Housing and Urban Development Act 1993 and ceased on 18th July 2005 under S.190 of the Housing Act 2005. This scheme provided a number of secure tenants with the statutory right to purchase part of their property, the Association retaining ownership of the remaining portion. The Association made one sale under this legislation, which took place during 2002/03.

The accounting treatment adopted follows that of Homebuy as outlined in the Statement of Recommended Practice (SORP), updated 2005. Thus the Association's share of the property is shown as a fixed asset investment at gross cost in the Balance Sheet with the grant from the Welsh Assembly Government being recognised separately.

Grant is abated to the extent that the proceeds from the sale of the property are lower than the historic cost. In such circumstances this abatement is shown as a contingent liability (see note 22). Any future increases/decreases in the value of the property will reduce/increase the abatement.

### **Low Cost Home Ownership**

From 2004/05 the Association has embarked on the sale of particular properties through Low Cost Home Ownership (LCHO). These sales have been undertaken without Social Housing Grant funding. Under the LCHO scheme the purchaser pays the Association a specified proportion of the market value of the property with the remaining proportion of the value funded through a loan from the Association. Interest is not paid during the life of the loan. Rather, when the property is sold the Association receives the equivalent proportion of the gross receipt as repayment of the loan plus interest. Thus the interest rate is not known until the time of sale. Also, at the time of sale the market value of the property may be below that prevailing at the time of the sale. In such circumstances the Association receives an amount that is lower than the loan initially provided.

The cost of properties designated for sale under the LCHO scheme but still under construction or completed but still available for purchase are shown as a fixed asset investment at gross cost in the Balance Sheet. If Social Housing Grant from the Welsh Assembly Government has been received against these properties, then this is recognised separately (see note 11).

### **Long Term Contracts**

The Association on occasion provides management services in respect of the procurement and construction of developments for other social housing providers. These contracts can extend over more than one accounting period. In accordance with SSAP 9 and UITF 40 the accounting treatment in respect of long-term contracts is therefore adopted. This requires that where the outcome of a contract can be assessed with reasonable certainty, even though it is not complete, then part of the surplus attributable to the work performed at the accounting date should be included in the Income and Expenditure account for the year. Where it is not possible to assess the degree of surplus with any certainty then turnover and cost recognised should be equal, the effect being to recognise surplus on that contract. Full provision is made for all known or expected expenditure on individual contracts, taking a prudent view of future claims income, immediately such expenditure is foreseen.

The services provided by the Association are charged out such as to only recover the cost of the provision of the service. Therefore the surplus on these services is taken as zero. Therefore the transfer to turnover equals the amount recorded as cost of sales (see note 3a).

The amount by which turnover exceeds payments received on account is shown separately under debtors as amounts recoverable under contracts, and is a classification specific to long-term contracts (see note 14).

## Treasury Policy

The Association's Treasury Policy is concerned with the effective control of the risks associated with the management of its cash flows, banking, money market and capital market transactions, and the pursuit of optimum performance consistent with those risks. In respect of monies borrowed, interest payable is minimised within a balanced loan portfolio aimed at reducing exposure to interest rate variability, whilst investments aim to maximise return whilst minimising risk.

### ■ Use of Cash Revolver (*note 16*)

Appropriate treasury management tools are adopted where available to maximise interest earned/reduce interest payable. To this end the Association entered into a revolving credit facility during 2000/01 with Barclays Bank which in effect allowed the utilisation of surplus cash to reduce interest payable. This facility is presented in the accounts in accordance with FRS5, "Reporting the substance of transactions".

## Pensions

The Association participates in the Social Housing Final Salary Pension Scheme which is a defined benefit scheme. Retirement benefits to employees of the Association are funded by contributions from all participating employees and employers in the scheme. Payments are made to a fund operated by the Pensions Trust, an independent Trust providing superannuation benefits to employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

In addition staff are able to make additional voluntary contributions (AVCs) into the Pension Trust's Growth Plan in respect of their pension, through the Association. The Association does not make any financial contribution towards this element of their pension.

The Association also contributes to a defined contribution scheme run by Standard Life. This scheme was inherited from Adamsdown Housing Association in 1996 when CCHA was formed from the merger of Adamsdown and Moors Housing Associations. Membership within CCHA is declining, as members leave. The scheme is not open to new members.

The provisions of FRS 17 "Retirement Benefits" have been adopted. The expected cost of pensions to the Association is charged to the Income & Expenditure account so as to spread the cost of pensions over the service lives of employees.

## Major Repairs/WHQS and other Designated Reserves (*note 20*)

The Major Repairs/WHQS designated reserve will be held at a level sufficient to fund planned maintenance on the rented property stock as identified in the stock condition survey.

In addition to the Major Repairs/WHQS designated reserve, the Association maintains a designated reserve for the replacement of certain items of capital equipment in managed properties for which a service charge is made.

In 2004/05 the Housing Association Property Mutual reduced insurance cover on certain properties from 35 to 20 years. The monies the Association received in recompense have been set aside in a designated reserve to contribute to future claims against the properties concerned.

## Restricted Reserves (*note 20*)

During 2004/05 the Association received a donation of Tremorfa Hall. Its use is restricted to activities beneficial to the social sustainability of the area, and as such in accordance with the Statement Of Recommended Practise (SORP) updated 2005, a transfer was made to restricted reserves equivalent to the value of the property.

### **Apportionment of Management Expenses**

Direct employees administration and operating costs have been apportioned to the relevant activities on the basis of costs of the staff to the extent that they are directly engaged in each of the activities and such activities rightfully attract overhead cost.

### **Taxation**

Cardiff Community Housing Association is not liable for Corporation Tax due to its charitable status.

### 3. Turnover

#### Note 3(a). Turnover, Operating Costs and Surplus for the year

	Turnover £'000	Operating Costs £'000	2007 Operating Surplus £'000	Turnover £'000	Operating Costs £'000	2006 Operating Surplus £'000
<b>Income and expenditure from lettings</b>						
Fully Rented Accommodation	8,707	(6,557)	2,150	7,980	(5,689)	2,291
	<u>8,707</u>	<u>(6,557)</u>	<u>2,150</u>	<u>7,980</u>	<u>(5,689)</u>	<u>2,291</u>
<b>Other income and expenditure</b>						
Internal Development services	63	(397)	(334)	113	(291)	(178)
Other	648	(464)	184	172	-	172
	<u>9,418</u>	<u>(7,418)</u>	<u>2,000</u>	<u>8,265</u>	<u>(5,980)</u>	<u>2,285</u>

#### 3(b). Turnover from lettings

	2007 £'000	2006 £'000
Rents	7,386	6,914
Service Charges	710	578
Less Rent Loss From Voids	(57)	(54)
	<u>8,039</u>	<u>7,438</u>
Grants from local authorities and other agencies		
<b>Care &amp; Repair Cymru</b>		
- Care & Repair Core	238	179
- Care & Repair Handyperson	15	-
- Care & Repair RRAP	61	50
<b>Welsh Assembly Government</b>		
- Neighbourhood Mediation	-	16
- Smoke Detectors	1	-
<b>Cardiff City Council</b>		
- Cardiff Accessible Homes	43	43
- Care & Repair Funding	20	20
Grant for supported housing	171	176
Tenant Recharges	119	58
	<u>8,707</u>	<u>7,980</u>

### 3(c). Operating Costs from lettings

	2007 £'000	2006 £'000
Fully rented housing accommodation		
Services	888	792
Management	1,350	1,222
Day to day maintenance	1,819	1,725
Cyclical and planned maintenance	985	737
Major repairs	344	254
Rent losses from bad debts	63	42
Unrecoverable tenant recharges	119	58
Depreciation of housing properties	417	353
Costs of grant funded projects	381	381
Community Development	122	56
Other costs	69	69
	6,557	5,689

### 4. Officers' and Senior Executives' emoluments

No remuneration was paid to members of the Board of Management during the year. Expenses paid to Board members during the year amounted to £1,338 (2006 - £1,337). The remuneration paid to the Officers and Senior executives (defined as the Board of Management, Chief Executive and Directors of departments) was:-

	2007 £'000	2006 £'000
Emoluments (including pension contributions and benefits in kind) (includes special pay)	266	259
Emoluments (excluding pension contributions) include amounts paid to the highest paid director	81	74

Retirement benefits are accruing to the Chief Executive and three directors under a defined benefit pension scheme, the terms of which apply to all staff within the scheme.

The number of Officers and Senior Executives who received emoluments (excluding pension contributions) in the following ranges was:-

	2007 Number	2006 Number
£ 80,000 - £ 84,999	1	-
£ 70,000 - £ 74,999	-	1
£ 55,000 - £ 59,999	2	1
£ 50,000 - £ 54,999	1	2
£ 0	15	16

## 5. Employee information

The average number of persons (including Senior Executives) employed during the year was: 82

	2007 Number (FTE)	2006 Number (FTE)
Administrative staff	61	63
Wardens, caretakers and cleaners	12	11
Maintenance operatives	4	5
	<u>77</u>	<u>79</u>
Staff costs (for the above persons):		
	2007 £'000	2006 £'000
Wages and salaries	1,911	1,715
Social security costs	139	132
Pension costs	176	176
	<u>2,226</u>	<u>2,023</u>

### Social Housing Pension Scheme (SHPS)

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

SHPS is a multi-employer defined benefits 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 to March 2007. From April 2007 there are three benefit structures available which are:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.

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

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

The trustee commissions an actuarial valuation of the scheme every 3 years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at an individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

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

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

As at the balance sheet date there were 66 active members of the scheme employed by the Association. The Association continues to offer membership of the scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the plan, the accounting charge for the period under FRS 17 represents the employer contribution payable.

The last formal valuation of the scheme was performed as at 30th September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the scheme's assets at the valuation date was £1,278m. The valuation revealed a shortfall of assets compared with the value of liabilities of £238m, equivalent to a past service funding level of 82%.

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

However they provide a good indication of the financial progress of the scheme since the last full valuation.

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

### Financial Assumptions

The financial assumptions underlying the valuation were as follows:

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

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

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

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

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

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £238m would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1st April 2007. These deficit contributions are in addition to the long-term joint contribution rate set out in the table above.

With effect from 1st April 2007 the employer and employee contribution rates for the Association will rise from 11.7% to 14.1% and up from between 3.1% - 6.1% to between 5.4% - 8.4% of pensionable salaries respectively.

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

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the scheme (which would effectively amend the terms of the recovery plan).

The Regulator has reviewed the recovery plan for the SHPS scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

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

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up.

The debt for the scheme as a whole is calculated by comparing the liabilities for the scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out is the proportion of the scheme's liability attributable to employment with the leaving employer compared to the total amount of the scheme's liability (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 30th September 2005. As of this date the estimated employer debt was £4,862,000. (See Contingent Liabilities Note 22)

The pensions cost charge included an amount of £169,974 (2006 - £170,315) which represents contributions payable by the Association to the scheme.

## **Growth Plan**

The Association has two employees participating in the Pension Trust's Growth Plan as an AVC investment option. This is a multi-employer pension plan which is in most respects a money purchase arrangement but with some guarantees. The Association does not pay any contributions to the Growth Plan.

Following legislative changes in the Occupational Pension Schemes (Employer Debt on Withdrawal) Regulation 2005 there is a potential debt on the employer, which under the trustee's policy applies to employers with pre-October 2001 liabilities in the plan and would be due should the employer cease to participate in the plan or the plan winding up. Whilst the amounts of debt can be volatile over time, depending on factors such as investment performance and financial conditions at the time of the cessation event, the Association has been notified by the Pension's Trust that the estimated employer debt on withdrawal from the plan based on the financial position of the plan as at 30th September 2005 was £9,592. (See Contingent Liabilities Note 22)

## **Standard Life Scheme**

The Association also participates in a defined contribution pension scheme in respect of certain staff members who transferred from Adamsdown Housing Association Limited. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pensions cost charge included an amount of £6,141 (2006 - £5,965) which represents contributions payable by the Association to the fund.

## 6. Operating surplus

The operating surplus is stated after charging:

	2007 £'000	2006 £'000
Depreciation	578	544
Capital Works written off to Revenue	351	217
Auditors remuneration		
- in their capacity as auditors	12	12
- in respect of other services	-	-
	<u>          </u>	<u>          </u>

## 7. Profit & loss on sale of fixed assets

	2007 £'000	2006 £'000
<b>Proceeds</b>		
Sales of property under right to buy/ right to acquire/ rent to mortgage legislation and LCHO sales.	5,498	-
Voluntary sale of property	90	88
Other sales	18	521
Less: Costs of sale	(4,233)	(328)
	<u>1,373</u>	<u>281</u>

## 8. Interest payable and similar charges

	2007 £'000	2006 £'000
On loans repayable in instalments wholly or partly in more than 5 years	2,411	2,078
On loans repayable in instalments wholly in less than 5 years	-	-
Less interest capitalised	(246)	(325)
	<u>2,165</u>	<u>1,753</u>

## 9. Tangible fixed assets - Housing Properties

	Under Construction £'000	Completed £'000	Total £'000
<b>COST</b>			
<b>At 1 April 2006</b>	16,779	118,626	135,405
Additions in year	7,440	-	7,440
Schemes completed	(18,503)	18,503	-
Capital works written off to Revenue	-	(351)	(351)
Disposals in year	-	(5,505)	(5,505)
<b>At 31 March 2007</b>	<b>5,716</b>	<b>131,273</b>	<b>136,989</b>
<b>DEPRECIATION</b>			
<b>At 1 April 2006</b>	-	1,865	1,865
Charge for year	-	417	417
Capital works written off to Revenue	-	(9)	(9)
Eliminated in respect of disposals	-	-	-
<b>At 31 March 2007</b>	<b>-</b>	<b>2,273</b>	<b>2,273</b>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2006</b>	<b>16,779</b>	<b>116,761</b>	<b>133,540</b>
<b>At 31 March 2007</b>	<b>5,716</b>	<b>129,000</b>	<b>134,716</b>

The property stock was reviewed by the Board on 27th June 2007 and no impairment issues were raised.

The total net book value of housing properties comprises:

	2007 £'000	2006 £'000
Freehold property	126,345	125,169
Long leasehold property	8,220	8,220
Short leasehold property	151	151
	<b>134,716</b>	<b>133,540</b>

During the year ending 2005 the Association had a full stock valuation carried out by Chestertons. This indicated that the stock had increased in value compared to the historic cost shown in the accounts. In summary the valuation showed

- The Market Value ("MV-STT") as a single portfolio, subject to the existing tenancies (or owner occupied for the 3 head office buildings) was £154,031,000.
- The Existing Use Value of Social Housing ("EUV-SH") as a single portfolio subject to the existing tenancies

was £69,528,000. This excludes the Head Office buildings and the Retail/Office premises which are sub let to commercial tenants.

- The aggregate Market Value ("MV-VP") of the individual freehold interests, assuming vacant possession throughout and without any adjustment to reflect a single portfolio, was £248,398,000. This excludes the Head Office buildings and the Retail/Office premises which are sub let to commercial tenants.

## 10. Capital grants

### SHG/HAG & GAR

#### At 1 April 2006

Receivable in Year	5,145
Schemes Completed	(8,434)
Allocated to I&E account	(62)
Repaid/Abated/Transferred to Recycling Fund	-

#### At 31 March 2007

Under Construction £'000	Completed £'000	Total £'000
7,067	78,219	85,286
5,145	-	5,145
(8,434)	8,434	-
(62)	-	(62)
-	(1,520)	(1,520)
<b>3,716</b>	<b>85,133</b>	<b>88,849</b>

### OTHER GRANTS

#### At 1 April 2006

Receivable in Year	-
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#### At 31 March 2007

Under Construction £'000	Completed £'000	Total £'000
-	603	603
-	150	150
-	<b>753</b>	<b>753</b>

## 11. Fixed Asset Investments

#### At 1 April 2006

Additions	
-----------	--

#### At 31 March 2007

Represented by:

Rent to Mortgage	69
Low Cost Housing Loans	1,885
Properties to be Sold	2,490

2007 £'000	2006 £'000
324	69
4,120	255
<b>4,444</b>	<b>324</b>
69	69
1,885	255
2,490	-
<b>4,444</b>	<b>324</b>

- Rent to Mortgage - the Association sold one property during the financial year ended 31st March 2003 under Rent to Mortgage legislation. The accounting treatment with regard to Association's share of the property is explained in the accounting policies. The gross cost of the asset remaining with the Association is shown as a Fixed Asset Investment whilst the attributable Social Housing Grant (SHG) is shown separately. Where the cost of the property exceeds the valuation then grant is abated accordingly, giving rise to a contingent liability (see note 22).
- Low Cost Housing Loans - the value of loans provided by the Association from 2005/06 onwards to the

purchasers of properties through the LCHO scheme. Further detail is provided in the accounting policies under "Fixed Asset Investments", "Low Cost Home Ownership".

- Properties to be sold - this represents the unsold properties designated for sale under the LCHO scheme operated by the Association. The gross cost of the asset is shown under Fixed Asset Investment and the attributable Social Housing Grant is shown separately. Further detail is provided in the accounting policies under "Fixed Asset Investment", "Low Cost Home Ownership".

## 12. Tangible fixed assets - others

	Freehold Property	Long Leasehold property	Other - including office equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>COST</b>					
<i>At 1 April 2006</i>	2,562	653	1,186	116	4,517
Additions in year	24	-	66	19	109
Disposals in year	-	-	(2)	(41)	(43)
<i>At 31 March 2007</i>	2,586	653	1,250	94	4,583
<b>DEPRECIATION</b>					
<i>At 1 April 2006</i>	256	108	868	71	1,303
Charge for year	43	11	96	11	161
Eliminated on Disposal	-	-	(1)	(22)	(23)
<i>At 31 March 2007</i>	299	119	963	60	1,441
<b>NET BOOK VALUE</b>					
<i>At 31 March 2006</i>	2,306	545	318	45	3,214
<i>At 31 March 2007</i>	2,287	534	287	34	3,142

## 13. Grant Received

	Freehold Property	Long Leasehold property	Other - including office equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<i>At 1 April 2006</i>	43	-	-	-	43
Received in Year	-	-	-	-	-
Amortised	-	-	-	-	-
<i>At 31 March 2007</i>	43	-	-	-	43

## 14. Debtors

	2007 £'000	2006 £'000
Rental debtors	351	486
Income accrued on long-term contracts	447	-
Insurance claims	21	36
Others	193	166
	<b>1,012</b>	<b>688</b>

The amounts recoverable on contracts represents the amount by which turnover exceeds payments received on account in respect of long-term contracts (see accounting policies, Long Term Contracts). This applies specifically to the provision of development management services to Valleys-to-Coast Housing Association and to Cardiff County Council.

## 15. Investments

	2007 £'000	2006 £'000
Short term deposits	1,750	2,000
	<b>1,750</b>	<b>2,000</b>

## 16. Cash and Bank

The Association currently has a revolving credit facility with its bankers. The outstanding amount available for drawing without prior notice was £5,496,160 (2006 - £4,841,973). As stated in the accounting policies use of this facility allows the Association to maintain minimum cash balances and therefore maximise savings on interest payable.

## 17. Creditors : amounts falling due within one year

	2007 £'000	2006 £'000
Contractors for certificates and retention's - housing properties	344	443
Other trade creditors	1,401	780
Other tax and social security payments	48	70
Pension contributions	20	20
Tenants rent and service charge prepayments	205	188
Loan capital repayments	656	847
Other creditors	172	318
Accruals and deferred income	111	105
	<b>2,957</b>	<b>2,771</b>

## 18. Creditors : amounts falling due after more than one year

	2007 £'000	2006 £'000
Housing loans	39,845	39,885
Non housing loans	-	1,003
Recycled Grants	1,466	166
	<b>41,311</b>	<b>41,054</b>

Housing loans are secured by specific charges on the Association's housing properties. Non housing loans are secured by specific charges on the Association's office premises at 2 Ocean Way, Cardiff and 50 Meteor Street, Cardiff. The loans are repayable as follows: -

<b>Housing loans</b>	2007 £'000	2006 £'000
One year or less	656	805
More than one and less than two years	704	843
More than two and less than five years	2,460	2,844
In more than five years	36,681	36,198
	39,845	39,885
Repayable by instalments wholly or partly in more than five years	<b>40,501</b>	<b>40,690</b>

<b>Non housing loans</b>	2007 £'000	2006 £'000
One year or less	-	42
More than one and less than two years	-	42
More than two and less than five years	-	125
In more than five years	-	836
	-	1,003
Repayable by instalments wholly or partly in more than five years	<b>-</b>	<b>1,045</b>

All loans are secured by fixed charges on individual properties.

The loan in respect of the traditionally funded properties is repayable in half yearly instalments of principal and interest, the last payment being in 2021. Interest is charged at 10.8699%. Other housing loans are repayable in monthly instalments of principal and interest, at commercial rates of interest between 4.15% and 8.35%. The final instalments fall to be repaid between 2016 and 2040.

Loans on office properties are repayable in monthly instalments of principal and interest at an interest rate of 5.75%. Final instalments are to be repaid in 2024.

The Association utilises a revolving credit facility in support of non-housing loans. Due to the timing of the Associations cash flows there was no drawn balance on this facility at 31 March 2007 and hence no liability at that date in respect of non-housing loans. Full details of this loan facility are set out in note 16.

## 19. Called up share capital

	2007 £	2006 £
Shares of £1 each fully paid and issued at the beginning of the year	187	176
Shares issued during the year for cash	4	15
Shares cancelled during the year	(7)	(4)
Shares of £1 each fully paid and issued at the end of the year	<b>184</b>	<b>187</b>

The rules of the Association specify that a member shall only hold one share. The shares carry no right to interest, dividend or bonus.

## 20. Reserves

	Designated reserves £'000	Tremorfa Hall restricted reserve £'000	Revenue reserve £'000	Total Reserves £'000
<b>At 1 April 2006</b>	<b>4,134</b>	<b>43</b>	<b>6,184</b>	<b>10,361</b>
Surplus for the year	-	-	1,254	1,254
Transfer to revenue reserve	(3,208)	-	3,208	-
Transfer from revenue reserve	4,284	-	(4,284)	-
	1,076	-	178	1,254
<b>At 31 March 2007</b>	<b>5,210</b>	<b>43</b>	<b>6,362</b>	<b>11,615</b>

The Designated Reserves are made up as follows:

	Rent Surplus Fund £'000	Major repairs/ WHQS £'000	Service equipment £'000	HAPM £'000	Total £'000
<b>At 1 April 2006</b>	<b>3,199</b>	<b>383</b>	<b>486</b>	<b>66</b>	<b>4,134</b>
Transfer to revenue reserve	(3,199)	-	(9)	-	(3,208)
Transfer from revenue reserve	-	4,254	30	-	4,284
	(3,199)	4,254	21	-	1,076
<b>At 31 March 2007</b>	<b>-</b>	<b>4,637</b>	<b>507</b>	<b>66</b>	<b>5,210</b>

The statutory requirement to maintain the Rent Surplus Fund was removed by Schedule 11 of the Housing Act 2004. Therefore the balance on the fund of £3,199,000 has been transferred to the renamed Major Repairs/WHQS designated reserve. This has been redesignated in recognition of the work the Association has to fund over the next five years and beyond.

The Tremorfa Hall restricted reserve is in respect of a donation of the hall to CCHA from the Tremorfa Hall Committee in 2004/05. The use of the property is restricted to activities beneficial to the social

sustainability of the area and as such, in accordance with the Statement of Recommended Practice Update 2005, a transfer has been made to restricted reserves equivalent to the value of the property.

The HAPM reserve arose following the reduction in insurance cover in 2004/05 for certain properties from 35 years to 20 years by the Housing Association Property Mutual. In recompense the Association received some £66,000 which has been placed in a designated reserve to contribute to future claims against the properties concerned.

## 21. Capital commitments

Capital expenditure, contracted for, that has not been provided for in the financial statements

Capital expenditure, authorised by the Board of Management that has not yet been contracted for

2007 £'000	2006 £'000
5,156	5,228
568	7,125
<b>5,724</b>	<b>12,353</b>

## 22. Contingent liabilities

The Association participates in a multi-employer defined benefit scheme. The Social Housing Pension Scheme (SHPS), managed by the Pensions Trust. There are also two employees participating in the Pension Trusts Growth Plan as an Additional Voluntary Contributions investment option, a money purchase arrangement but with some guarantees. The Association has been notified by the Pensions Trust that the estimated employer debt on withdrawal from the SHPS based on the financial position of the scheme as at 30th September 2005 was £4,862,000. Withdrawal from the Growth Plan based on the financial position of the Plan as at 30th September 2005 was £9,592. As at the balance sheet date there were 66 active members of the SHPS scheme and 2 active members of the growth Plan employed by the Association. The Association continues to offer membership of the scheme to its employees. Note 5 provides further details on the pension scheme.

The Association sold one property during the financial year ended 31st March 2003 under Rent to Mortgage legislation (see note 11 - Fixed Asset Investments). There was a shortfall of £13,000 between the cost of the property and the sale valuation, which has led to a reduction in the attributable Social Housing Grant by £13,000 to £61,000. This may become repayable to the Welsh Assembly Government, which holds a legal charge on the property, at some future relevant disposal should the value of the property subsequently rise. The extent of the potential liability is limited to the abated amount.

## 23. Aggregate Social Housing Grant (formerly Housing Association Grant) & Grant Aided Repair

Grants attributed to capital costs

Grants attributed to revenue costs

2007 £'000	2006 £'000
88,849	85,286
2,240	2,177
<b>91,089</b>	<b>87,463</b>

During the financial year ended 31 March 1995 the Association obtained Social Housing Grant (Housing Association Grant) to assist tenants to participate in the Home Release Scheme by the provision of an interest free loan. Some of these loans are recoverable from those former tenants in the event that the property bought with the aid of that loan is sold. The Association holds security on the properties purchased.

## 24. Number of units in management

	2007 Number	2006 Number
<b>At 1 April</b>	<b>2,352</b>	<b>2,301</b>
Additions	153	58
Disposals	(4)	(7)
<b>At 31 March</b>	<b>2,501</b>	<b>2,352</b>
Housing accommodation at 31 March available for rent	2,476	2,326
Housing properties leased to Cardiff City Council	14	15
Supported Housing bedspaces	11	11
	<b>2,501</b>	<b>2,352</b>

## 25. Transactions with related parties

The Association works collaboratively with a range of other housing providers. In particular, to facilitate the provision of development and maintenance services, the Association is working in partnership with seven other housing associations within the South Wales area, under the umbrella name of Integrate. As part of this arrangement the Association received £14,324 (2006 - £146,587) from the other members of Integrate in respect of future consultancy services for Integrate. This amount is shown in creditors in the Balance Sheet.

In addition the Association provided rented accommodation to five tenant Board Members during the year and charged rent and provided services to those members on the Association's standard terms.

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