

at the heart of your community



Report & Financial Statements
For the year ended 31 March 2014

Foreword



Dr Norma Barry, Chair



Jen Barfoot, Chief Executive.

During the past 12 months Tai Calon Community Housing has continued to work hard to provide homes and communities where people want to live, work and play.

- 1 in 3 homes now comply to Welsh Housing Quality Standard.
- The business has managed to cut spending by at least 20% through improving the way it manages its WHQS projects.
- More than nine out of ten tenants surveyed rated the completed WHQS work in their home as good or excellent.
- More than 1,100 roofs have been replaced.
- Looking forward – Tai Calon will replace even more roofs during 2014/15.
- Over 500 properties have been fitted with external wall insulation, which should make them cheaper and easier to keep warm. Another 350 will be insulated in the coming 12 months.

Tenants are at the heart of all of Tai Calon's work. As a business it is constantly looking at ways of improving the way it delivers services to tenants. For example:

- It will shortly offer same day appointments for repairs or within a 2-hour slot on another day to suit tenants.
- The planned programmes to replace roofs and central heating systems are only carried out during the warmer months of the year.
- The "out of hours", emergency service has been improved so that it is more responsive to tenant's needs.

The Tai Calon Board supports the Chief Executive and Executive Team in driving forward the business. However, none of this could have been achieved without the help of the involved tenants, staff and partners. We would like to thank them for their continued support.

By working together – we are making a difference.

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Tai Calon Community Housing Limited is a charitable association, registered with the Welsh Government (registration number L153) and Registered with charitable rules under the Industrial and Provident Societies Act No. 30950R

Board Members and Professional Advisors

Board

Tenant board members

Elaine Townsend
Philip White (resigned October 2013)
Roy Jones
Margaret Retallick
Shirley Ford

Council board members

Jim McIlwee
Keren Bender
Graham Bartlett (resigned October 2013)
Tim Sharrem (appointed October 2013)
Keith Chaplin
Bernard Willis

Independent board members

Dr Norma Barry (chair)
Fred Davies (vice chair)
Nigel Perring
Steve Porter (resigned July 2013 & Co-opted July 2013)
Debbie Green (appointed July 2013)
Andrew Bateson (resigned March 2014)

Executive officers

Jen Barfoot – Chief Executive
David Lloyd – Resources Director & Company Secretary
Bill Pearch – Director of Assets & Property
Andrew Myatt – Director of Communities & Housing

Registered Office

Solis One, Rising Sun Industrial Estate, Blaina, NP13 3JW

External Auditors

Haines Watts Wales LLP Statutory Auditors
Pagefield House, 24 Gold Tops
Newport
NP20 4PG

Internal Auditors

Service Matters
Orbit Housing Group Limited
Garden Court, Harry Weston Road
Binley Business Park, Coventry
CV3 2SU

Bankers

Barclays Bank
Windsor Court, 3 Windsor Place
Cardiff
CF10 3ZL

Funders

The Royal Bank of Scotland Plc Global Banking & Markets Housing Finance 7th Floor, 135 Bishopsgate London, EC2M 3UR	Barclays Bank Windsor Court 3 Windsor Place Cardiff CF10 3ZL
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Operating and Financial Review

For the year ended 31 March 2014

The Board is pleased to present its Operating and Financial Review, Board Report and the audited Financial Statements for Tai Calon Community Housing Ltd (Tai Calon) for the year ended 31st March 2014.

The Objectives and Strategies of Tai Calon

Aims & Objectives

Tai Calon was launched on the 26th of July 2010, following the transfer of homes from Blaenau Gwent County Borough Council.

Tai Calon is a not-for-profit-organisation and is Blaenau Gwent's largest provider of social housing with 6,165 homes. The organisation is investing over £111million in its homes to ensure they are brought up to the Welsh Housing Quality Standard (WHQS) by the end of 2015.

Our aim is to ensure that all promises made to tenants are delivered, that tenants remain at the heart of everything we do, and that we shape the organisation and our people in line with our values and community mutual ethos. We are striving to build a positive reputation through real achievement.

Mission, Vision, and Values

Tai Calon has agreed its statement of purpose or 'mission statement' and the values by which it intends to operate:

The Mission for Tai Calon is that we will:

'Deliver our promises, improving homes and lives'

The mission focuses on Tai Calon's commitment to realising the needs and aspirations of its tenants documented within the Formal Consultation Document (i.e. Offer Document) and maximising the regeneration and sustainability opportunities resulting from its core business and community investment activities.

The Vision for Tai Calon is that we will deliver:

'Excellent homes and services to make our communities proud'

Tai Calon will operate with these Values:

- Be tenant focused
- Listen and Learn
- Be excellent
- Show Respect
- Be open

Operating and Financial Review

For the year ended 31 March 2014

The Board and Executive Team have developed a range of themes to deliver our mission and measure our success over our first five years, broken down as follows:

- Service delivery
- Asset management and WHQS delivery
- Resources delivery
- Partnership delivery
- Performance management
- Tenant investment
- Communications and marketing
- Early achievements

Throughout all of these themes runs the commitment to deliver the promises made to tenants on our behalf by Blaenau Gwent County Borough Council.

Delivering the Welsh Housing Quality Standard

Tai Calon is on track to meet and in some cases exceed our tenant promises and our principal target to ensure all homes meet WHQS by the end of 2015.

2013/14 saw a further step change in performance with a total investment of £21m. Our investment means that 3 out of 4 homes now have kitchens and bathrooms that meet the Welsh Housing Quality Standard and a third of all homes fully meet the standard.

We successfully delivered an ambitious programme of internal and external improvements building on our learning from previous years. These improvements mean that our homes are warmer, safer and easier to let.

Our contractor partners have performed well on quality and cost. Our programme has also been delivered in a tenant focussed way with 98% of tenants rating the work as good or excellent.

The table below shows how we performed against the targets we aimed to deliver in the past year and the total number delivered since the programme began:

Programme element	Completed 2013/14	Targets 2013/14	Total number so far
Roofs	1,129	1,150	2,642
Kitchens	1,144	1,200	3,762
Bathrooms	938	1,100	2,774
Rewire	867	584	3,540
Heating	954	550	3,237

Operating and Financial Review

For the year ended 31 March 2014

Investing in involving tenants

Tai Calon is committed to ensuring tenants are placed at its heart. We have invested significant resources to ensure organisational development is tenant driven and that tenants are closely involved so that they have real influence over the services and standards that we offer. We take an outcome focused approach ensuring tenant involvement in everything we do.

The development of a robust involvement structure has allowed Tai Calon to listen and learn from tenants ensuring its services are aligned to meet their needs. We offer a range of consultation methods to ensure we are well placed to understand the needs of tenants. Such mechanisms include telephone, postal and face to face surveys, focus groups and formalised policy and process development forums.

The current involvement structure is composed of:

- Membership of the Association is made up of tenants and leaseholders, we currently have over 800 members.
- A Membership Scrutiny Committee that meets twice a month to review Board papers and undertake service reviews. Their role is to hold the Board to account and scrutinise the activities of the organisation. As part of their role they develop action plans to deliver service improvements.
- A Tenant Compact Group that represents tenants and resident organisations, monitoring the promises made to tenants through the Offer Document, distributing the Environmental Improvement Grant and scrutinising the work of the Involvement Team.
- A Supported Living Forum which represents those tenants living within Tai Calon's sheltered schemes.
- The Quality Design Forum is a group of tenants, Board Members and staff who have been instrumental in establishing the programme of WHQS works, appointing the contractors and selecting the kitchen suppliers and kitchen units.
- The Leaseholders forum is a group of leaseholders who work with Tai Calon on leaseholder specific issues.
- An Equalities Panel is currently reviewing Tai Calon's approach to equality and diversity issues.
- A Communications group that reviews communication material prior to it leaving Tai Calon.
- A Housing Management Forum to drive forward policy and process development for the housing management and communities parts of the business.
- A Youth Forum which discusses and debates issues affecting young people living on our estates and supports with the delivery of projects and activities to deliver change for young people.

To support these key involvement activities we also arrange for tenants to attend conferences and learning events run by TPAS and CHC to ensure that they remain informed, skilled and updated on the latest best practice.

Operating and Financial Review

For the year ended 31 March 2014

Housing and Neighbourhoods

We want to make sure that tenants live in a great place that they can be proud of. Each tenant has a local neighbourhood manager who is responsible for the management of their tenancy and the local area.

The neighbourhood managers let our empty homes, deal with issues such as anti-social behaviour and initial rent arrears, and make sure that our neighbourhoods are clean and tidy. Neighbourhood Managers proactively manage their estates and they undertake regular estate walkabouts with tenants. Neighbourhood Managers also produce and deliver local Neighbourhood Newsletters. They also encourage tenants to get involved, and work closely with tenant and resident associations and other partners such as the Police and the local Council.

We also have a team of Sheltered Scheme Managers who are based in our 11 Sheltered Schemes across the Borough. They provide on-site support to our tenants and they work closely with other agencies to ensure our tenants receive a good service in their homes. We have also continued to work on the £14 million project to improve the environment in communities. As always, tenants are heavily involved in the decision making process around the improvements, which include anything from better footpaths to providing better car parking facilities, play areas and space for allotments.

Financial Performance

The overall financial performance is well within the Business Plan and Annual Cashflow Covenant, agreed with the Lenders. The Income and Expenditure Account shows a net deficit of £2.596m for 2013/14, which is mainly due to planned improvements to our homes. It is likely that the I&E will continue to show a deficit for the next few years due to the major works programme required to meet the WHQS.

Tai Calon's business plan is a financial model which illustrates our ability to meet the promises made in the Offer Document to tenants. This includes spending £111m on meeting the WHQS in the first five years. The plan demonstrates that borrowing will be within the agreed funding facility and that the peak borrowing and repayment date will meet the funders and Welsh Government's requirements.

Operating and Financial Review

For the year ended 31 March 2014

Performance Indicators

Tai Calon has implemented a performance management framework across the organisation; part of this framework involves regularly monitoring key performance indicators. These indicators are continually reviewed, updated and improved. The table below shows some of the key indicators:

Key Performance Indicator	Target 2013/14	Actual 2013/14
Responsive Repairs – emergency repairs not in target (%)	1.7%	1.50%
Responsive Repairs – urgent repairs not in target (%)	2%	3.70%
Responsive Repairs – routine repairs not in target (%)	8%	13.10%
% Gas servicing completed within target time	100%	99.97%
Responsive: Percentage of tenants who rated the overall repairs service as good or excellent	97%	95.00%
Responsive: % of appointments kept	98%	99.72%
WHQS: % tenant satisfaction with WHQS works	96%	98.00%
Voids – average period (days)	56 calendar days	188 calendar days
Income loss from properties being empty (%)	4%	5.87%
Current tenant rent arrears (%)	2%	1.91%
Amount of rent collected (%)	99%	99.11%
Loan Covenants complied with	Yes	Yes
Staff Attendance (%)	96%	95.22%

Future Performance

Tai Calon has a 30 year business plan agreed by the Board, Welsh Government and Funders. The business plan demonstrates Tai Calon's ability to meet the commitments made in the Offer Document to tenants. Tai Calon will meet the WHQS by the end of 2015 which will require an investment of £111m in the homes. To fund this major investment Tai Calon has a funding facility of £125m.

The business plan is based on a number of key assumptions, such as:

- Costs to meet WHQS
- Inflation rates
- Interest rates
- Rent increases
- Void rates
- Management costs

Tai Calon regularly reviews these key assumptions and takes corrective action as necessary.

Operating and Financial Review

For the year ended 31 March 2014

Risk Management

Tai Calon has a Risk Management Policy which forms part of its internal control and corporate governance arrangements. The policy explains the associations underlying approach to risk management, documents the roles and responsibilities of the Board, Performance Audit and Risk Committee and the Executive Team. It also outlines key aspects of the risk management process and identified the main reporting procedures.

The following key principles outline Tai Calon's approach to risk management and internal control:-

- The Board has overall responsibility for risk management and internal control within the context of its Governance role
- The Performance, Audit and Risk Committee on behalf of the Board has responsibility for reviewing the effectiveness of the risk management process
- The Executive Team has responsibility for overseeing risk management within Tai Calon as a whole. In this respect it supports, advises and implements policies approved by the Board
- Directors are responsible for implementing good risk management practice within their respective areas of responsibility
- The risk management process is integrated with the business planning process

Treasury Management

Tai Calon has a Treasury Management Policy that is reviewed annually by the Board. Treasury Management activities are defined as:

"The management of the organisation's cash-flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

Tai Calon regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for Tai Calon and any financial instruments entered into to manage those risks.

Tai Calon acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Cashflows

The cash-flow statement on page 19 shows that during the year Tai Calon generated a net cash surplus from operating activities of £0.617m and net interest of £2.274m. Tai Calon drew down a net £17.5m in Housing Loans during the year.

Operating and Financial Review

For the year ended 31 March 2014

Current Liquidity

Tai Calon will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available necessary for the achievement of its business/service objectives

Tai Calon has put in place a £125m loan facility with Barclays and the Royal Bank of Scotland (RBS). The loan arrangement contains two separate facilities, a £25m revolving loan facility which can be drawn, repaid and redrawn as required and a £100m long term facility.

Key Accounting Policies

The principle accounting policies are set out on pages 22 to 25 of the Financial Statements. The policies with most impact on the financial statements are the treatment of Gap Funding, calculation of depreciation on housing properties and the capitalisation of the investment in housing stock. Component accounting has been fully adopted.

Going Concern

The Board has a reasonable expectation that Tai Calon has adequate resources to continue operations for the foreseeable future. For this reason the going concern basis has been adopted for these financial statements.

Statement of Compliance

It is considered best practice for RSL's with over 5,000 units in management at the Balance Sheet date to publish an Operating and Financial Review. Therefore Tai Calon has adopted the Accounting Standards Board Reporting Standard 1: Operating and Financial Review in full.

Board Report

For the year ended 31 March 2014

The Board is pleased to present its report and the audited financial statements for the year ended 31 March 2014.

Principal Activities

Tai Calon owns, manages and maintains 6,165 rented homes, located in the County Borough of Blaenau Gwent. It also owns and manages 336 leasehold properties, 26 shops and approximately 550 garages.

Board and senior executives

Tai Calon Community Housing Ltd. is managed by the Board, the Executive Team and the members. Tai Calon has issued 60 shares to members during the year, total membership now stands at 835.

Board and governance structure

The Board has sole responsibility for overall strategic direction, financial probity and for ensuring that it has appropriate resources to achieve its goals and standards of service.

The Board consists of up to fifteen members made up as follows:

- Five tenant Board Members – elected by the tenants of Tai Calon;
- Five council appointed Board Members – these members are nominated by Blaenau Gwent County Borough Council;
- Five independent Board Members – selected by the Board in accordance with the Board Membership policy
- The Board may appoint co-optees to serve.

The Board reviews its own Governance effectiveness, regulation, risk and audit, monitoring delivery, financial accounts, budgets, policies and strategies in a continuous cycle, year-on-year, to ensure it remains focused on achieving the objectives.

Committees

The Board has three committees, Performance Audit & Risk Committee, Remuneration Committee and Assets Committee.

The Performance, Audit and Risk Committee's principal duties are recommending the appointment of internal and external auditors; to review internal and external audit reports; to review financial statements; to review the Risk Register; and to notify the Board and Welsh Government of any incidence of fraudulent activity of which the Committee becomes aware. The Committee meets at least 3 times a year and has a maximum membership of 7 board members.

The Remuneration committee reviews the performance, terms and conditions of the executive team and overall budgetary allocations for management and employee costs. The committee meets at least once a year and consists of a maximum of seven board members.

The Asset Management Committee has delegated responsibilities for the improvements programme. The committee meets at least four times a year and consists of a maximum of seven board members.

Responsibilities of the Board

The Board is responsible for preparing the financial statements in accordance with applicable law and regulations. The Board is required under Industrial and Provident Society law to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of Tai Calon and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then ensure they are applied consistently;
- Make judgements and estimates which are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that Tai Calon will continue to operate.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Tai Calon and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales: General Determination 2009.

The Board has general responsibility for ensuring that the assets of Tai Calon are safeguarded and to prevent and detect fraud and other irregularities.

Performance for the year

The financial results for the year ended 31st March 2014 are as follows:

	£m
Turnover	20.952
Operating Costs	(21.726)
Operating Surplus / (Deficit)	(0.774)
Surplus on Sale of Assets	0.502
Net Interest Payable	(2.324)
Surplus / (Deficit) for the year	(2.596)

The majority of the major improvements to the housing stock have been capitalised and are shown in the balance sheet to be depreciated in line with the policy set out in the Accounting Policies on pages 22 to 25. In 2013/14 capital major improvements totalled £20.944m.

Board Report

For the year ended 31 March 2014

In Tai Calon's fourth year of operation the results show a revenue deficit which was in line with the 30 year business plan. It is expected that deficits will be made on the Income and Expenditure Account for the next 5 years of operation. This is mainly due to the impact of increased depreciation charges from capitalisation of the stock improvements.

Internal Controls Framework

The Board has a key role to play in the governance of Tai Calon and is responsible for ensuring that the business operates effectively and achieves its objectives.

It is the Board's responsibility to have in place a system to identify and manage risk that includes effective internal control systems and procedures to minimise the risk of loss through fraud, corruption, errors and mismanagement. The Board has approved a Fraud Policy which aims to achieve these objectives.

Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated responsibility to the Performance, Audit and Risk Committee which will seek to rely on a number of forms of assurance. To do this Board will take three steps:

- Identify/review Tai Calon's business objectives, the possible opportunities and the risks and threats to achieving the objectives which in turn may lead to objectives being revised;
- Form/review Tai Calon's framework for managing and identifying risk; and
- Identify how the Board is to obtain assurance that the risk management policies adopted are adequate and operating effectively.

The framework Tai Calon has implemented is based on the following processes:

- Experienced and suitably qualified staff take responsibility for key processes and decisions, staff are appropriately trained and performance supervised and monitored;
- The Performance, Audit and Risk Committee will continually review and receive reports upon all aspects of internal control to ensure they are working effectively and being followed;
- Regular reports from Directors and senior managers, which will cover operational and financial matters to give assurance that internal controls are working effectively;
- Regular monitoring and reporting of all risk related matters, including results of control of risk management procedures and strategic and operational risk maps;
- The Performance, Audit and Risk Committee will review and monitor reports from Internal Audit and External Audit to provide reasonable assurance that control procedures are in place and being followed;
- As appropriate Tai Calon will seek to achieve assurances on specific areas by use of a quality management system that receives external accreditation;
- Effective system of monitoring performance on key business areas;
- Effective corporate governance arrangements and compliance with regulatory requirements.

Employees

Tai Calon recognises that its strength lies in the quality of and commitment from its staff. Tai Calon's ability to meet its strategic and operational objectives relies upon the contribution of employees throughout Tai Calon.

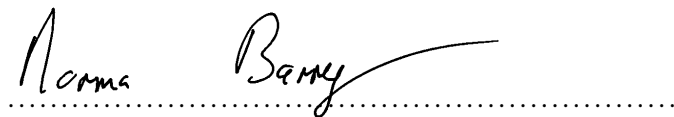
Tai Calon is committed to providing equal opportunities in employment and to avoiding unlawful discrimination in employment or to tenants. Tai Calon's Equality and Diversity Policy is intended to assist the Organisation to put this commitment into practice. Compliance with the policy should also ensure that employees do not commit unlawful acts of discrimination. Striving to ensure that the work environment is free of harassment and bullying, and that everyone is treated with dignity and respect, is an important aspect of ensuring equal opportunities in employment.

Tai Calon provides information regularly to staff on its strategies, objectives, progress and activities through a mix of formal meetings, briefing sessions and regular one-2-ones.

Disclosure of information to auditors

The Board confirm that, as far as we are aware, there is no relevant audit information of which the Tai Calon's auditors are individually unaware. The Board also confirm that we have taken all reasonable steps that we ought to have taken to make ourselves aware of any relevant information, and to establish that the auditors of Tai Calon are aware of that information.

Approved on behalf of the Board by:



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Dr Norma Barry
Chair of the Board

Date: 23rd June 2014

Independent Auditors Report to the members of Tai Calon Community Housing Ltd

Year ended 31st March 2014

We have audited the financial statements of Tai Calon Community Housing ('the Association') for the year ended 31st March 2014 which comprise the Income and Expenditure Account, Balance Sheet, the 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).

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 Acts 1965 to 2002, schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales - General Determination 2009. 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 and the auditor

As explained more fully in the Statement of Board's responsibilities, set out on page 10, 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 (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical standards for Auditors.

We review whether the Board's statement on internal financial control reflects the Association's compliance with the Housing for Wales Circular HFW 02/10 "Internal controls and 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.

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 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 Board 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.

Independent Auditors Report to the members of Tai Calon Community Housing Ltd

Opinion on Internal Control

In our opinion, with respect to the Board's statement on internal financial control:

- the Board 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, schedule 1 to the Housing Act 1996 and the Accounting Requirements for Social Landlords Registered in Wales - General Determination 2009;

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 Acts 1965 to 2002 require 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.

Haines Watts Wales LLP

Haines Watts Wales LLP

Statutory Auditor

Pagefield House

24 Gold Tops

Newport

South Wales

NP20 4PG

Date: 23 June 2014

Income and Expenditure Account

For the year ended 31 March 2014

	Notes	For the year ended 31 March 2014 £'000	For the year ended 31 March 2013 £'000
Turnover	3	20,952	19,684
Operating costs	3	(21,726)	(21,085)
Operating surplus / (deficit)		(774)	(1,401)
Surplus on sale of fixed assets	6	502	188
Interest receivable		4	4
Interest payable and similar charges	11	(2,328)	(1,458)
Surplus / (deficit) on ordinary activities before taxation		(2,596)	(2,667)
Taxation		-	-
Surplus / (deficit) for the year after tax		(2,596)	(2,667)
Transfer to reserves	21	(330)	(103)
Transfer from reserves	21	302	309
General reserve brought forward		(2,624)	(2,461)
		(740)	1,721
General reserve carried forward		(3,364)	(740)

Tai Calon's income and expenditure relate to continuing operations. There is no difference between the historic cost results and those shown on the income and expenditure account above.

Statement of recognised deficits

For the year ended 31st March 2014

	£'000	£'000
Surplus / (deficit) for the year before transfers to reserves	(2,596)	(2,667)
Actuarial gain/(loss)	4,853	(1,925)
Total recognised surplus/(deficit) for the year	2,257	(4,592)

Balance Sheet

As at 31 March 2014

	Notes	For the year ended 31 March 2014	For the year ended 31 March 2013
		£'000	£'000
Tangible fixed assets			
Housing properties	12	51,824	32,159
Capital grants	13	(12,227)	(8,034)
Other Capital Funding	14	(2,684)	(2,684)
		36,913	21,441
Other fixed assets	15	2,469	2,792
Other property	16	-	-
		39,382	24,233
Current assets			
Stock		-	-
Debtors	17	3,107	3,031
Cash at bank and in hand		2,045	1,128
		5,152	4,159
Creditors: amounts falling due within one year	18	(16,892)	(13,456)
Net current liabilities		(11,740)	(9,297)
LGPS pension liability	25	(2,159)	(6,710)
Total assets less current assets		25,483	8,226
Creditors: amounts falling due after more than one year	19	(30,000)	(15,000)
		(4,517)	(6,774)
Capital and reserves			
Share capital	20	1	1
General reserves	21	(5,523)	(7,450)
Designated reserves	21	1,005	675
		(4,517)	(6,774)

The financial statements were approved by the Board of Management on 23rd June 2014 and signed on its behalf by:

Dr N Barry
Chair 

F Davies
Vice Chair 

D Lloyd
Secretary 

Cash Flow Statement

For the year ended 31 March 2014

	Notes	For the year ended 31 March 2014	For the year ended 31 March 2013
		£'000	£'000
Net cash flow from operating activities	(a)	617	(1,281)
Returns on investment and servicing of finance			
Interest received		4	4
Interest paid		(2,278)	(1,374)
		(2,274)	(1,370)
Capital Expenditure			
Purchase and construction of housing & other properties		(19,652)	(18,764)
Capital grants received		4,200	6,609
Purchase of other fixed assets		-	(1,632)
Sale of housing properties		526	230
Sale of other fixed assets		-	-
		(14,926)	(13,557)
Financing			
Housing loans received		28,000	25,500
Housing loans repaid		(10,500)	(8,500)
	(b)	17,500	17,000
Increase in cash	(c)	917	792

Notes to the Cash Flow Statement

For the year ended 31 March 2014

a. Reconciliation of operating surplus to net cash inflow from operating activities

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Operating (deficit)	(774)	(1,401)
Depreciation of tangible fixed assets	1,571	1,023
Prepaid Loan Fees	52	52
LGPS - movement between current and past service cost and contributions paid	302	309
	1,151	(17)
Working Capital Movements		
(Increase) / Decrease in stock	-	-
(Increase) / Decrease in operating debtors	(85)	(183)
(Decrease) / Increase in operating creditors	(406)	(1,047)
(Decrease) / Increase in provisions	(43)	(34)
Net cash flow from operating activities	617	(1,281)

b. Reconciliation of net cash inflow to movement in net debt

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Increase in cash	917	792
Decrease / (increase) in loans	(17,500)	(17,000)
Decrease / (increase) in net debt	(16,583)	(16,208)
Net debt at 1 st April 2013	(24,372)	(8,164)
Net debt at 31 March 2014	(40,955)	(24,372)

Notes to the Cash Flow Statement

For the year ended 31 March 2014

c. Analysis of net debt

	Cash at bank and in hand	Loans due in less than one year	Changes in net debt
	£'000	£'000	£'000
At 1 st April 2013	1,128	(25,500)	(24,372)
Net cash flows	917	(17,500)	(16,583)
At 31st March 2014	2,045	(43,000)	(40,955)

Notes to the Financial Statements

For the year ended 31 March 2014

1. Legal Status

Tai Calon is registered under the Industrial and Provident Societies Act 1965 and is a Registered Social Landlord. Tai Calon has adopted charitable rules.

2. Principal Accounting Policies

A summary of the more important accounting policies, which have been applied consistently, are set out below:

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting in accordance with applicable financial reporting standards in the United Kingdom, including the Statement of Recommended Practice (SORP) for "Accounting by Registered Social Landlords" as updated in 2010, and comply with the Accounting Requirements for Social Landlords registered in Wales General Determination 2009.

Turnover

Turnover represents rental and other income receivable, income from property sales, and revenue grants receivable. It also includes grants reimbursing specific expenditure on the improvement programme. Disposals of fixed assets such as Right to Buy sales income are not included in turnover.

Housing properties

Housing properties are held at cost less depreciation and are stated at nil valuation as they transferred from Blaenau Gwent County Borough Council at nil cost and were also subject to a nil valuation based on an independent report using the basis of existing use value for social housing.

Any overhead costs directly attributable to bringing fixed assets into their working condition for their intended purpose are capitalised. Expenditure on initial purchase of land and buildings is capitalised and disclosed as part of housing properties in course of construction within tangible fixed assets. Any directly attributable finance costs (other than interest costs) are capitalised as the asset is developed and amortised over the life of that asset. Tai Calon does capitalise interest on loans raised to finance schemes prior to completion.

Some residents have rights under their tenancy agreement to purchase their homes at prices which are at a discount below the open market price. Profits or losses on disposals of properties are recognised as at the date a sale becomes certain. The profit or loss arising on a disposal of a property is the difference between the sale price and the aggregate of the depreciated cost, and any associated costs of disposal such as valuation and legal fees.

Interest payable

Interest payable is charged to the income and expenditure account to reflect the costs of loan finance attributable to each accounting period.

Notes to the Financial Statements

For the year ended 31 March 2014

Depreciation

Tai Calon depreciates its housing properties in accordance with the 2010 Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords". Depreciation is charged on the historic cost of property (excluding land) after deducting grants and an amount for residual value. The depreciable amount is written off over the estimated useful lives from the date of purchase / build as follows:

	Houses	Flats
New build properties	150 years	110 years
Acquisition / refurbishments	100 years	100 years

Properties on long leases are depreciated over the shorter of the above and/or the remaining period of the lease.

The policy in respect of expenditure to refurbish or replace major components is that all such work is assessed against life cycle costing principles. Any cost in respect of repairs with a life of less than 10 years is charged direct to the income and expenditure account. Refurbishment or replacement of major components which have an estimated useful life in excess of 10 years are capitalised and depreciated over the useful life of the component as follows:

Kitchens	15 years
Bathrooms	25 years
Re-wiring	25 years
Boiler Installations	15 years
Central heating	30 years
Roofing	60 years
Windows	30 years
Doors	25 years
Structural works	50 years
Renewable Energy = PV Panels	20 years

Depreciation is charged over the expected useful economic life of other fixed assets as follows:

Office refurbishment	10 years
Office & I.T. equipment	5 years
Vehicles and equipment	5 years
Head Office	50 years

Capital Grants

Tai Calon received financial assistance from the Welsh Government to fund set up costs relating to the transfer of the housing stock from Blaenau Gwent County Borough Council and to fund the refurbishment work required to meet the WHQS. Financial assistance of £19.67 million has been offered until 2015 and further financial assistance is intended to be offered until 2041. The amount of further financial assistance will depend upon satisfactory progress being made and compliance with the terms and conditions established by the Welsh Government. Capital Grants will be depreciated in line with the above depreciation policy.

Notes to the Financial Statements

For the year ended 31 March 2014

Supporting People

Supporting People income and expenditure is accounted for on an accruals basis, matching income and expenditure and disclosures are made in accordance with relevant standards and legislation.

Impairment

Housing properties are annually reviewed for impairment. Where there is evidence of impairment, housing properties are written down to their recoverable amount. The review undertaken during the year has indicated that no impairment has occurred.

Repairs and maintenance

The costs of repairs and maintenance are expensed as incurred on the basis of work done at the balance sheet date.

Operating leases

Costs in respect of operating leases are charged to the income and expenditure account as they are incurred.

Right to Buy sales

Surpluses arising from sales of properties under the Right to Buy legislation are disclosed on the face of the income and expenditure account.

Taxation

Value Added Tax

Tai Calon is registered for VAT. The financial statements include VAT to the extent that it is suffered by Tai Calon and not recoverable from HM Revenue and Customs (HMRC). The balance of the VAT payable or recoverable at the yearend is included as a current asset or liability.

VAT Shelter

Tai Calon has a 15 year VAT shelter in place, approved by HMRC. The VAT Shelter transfers the VAT costs of the works required to meet the WHQS to Blaenau Gwent County Borough Council.

As part of the transfer agreement, Blaenau Gwent County Borough Council transferred the properties to Tai Calon with an obligation to undertake the works to meet WHQS at the Councils expenses. Tai Calon paid the Council £258,709,806.16 for the properties which is based on the value of improvement works required to meet the WHQS. The Council discharged its obligation to carry out the works under the Transfer Agreement by entering into a Development Agreement with Tai Calon for 15 years. The Council paid a fixed price of £258,709,806.16 plus VAT of £51,741,961.23. Tai Calon will be entitled to reclaim VAT on the costs incurred in meeting the WHQS as detailed in the Development Agreement.

Corporation Tax

Tai Calon is registered with the Financial Services Authority as an Industrial and Provident Society with charitable objects. Due to its charitable status Tai Calon is not liable for Corporation Tax on its core activities.

Notes to the Financial Statements

For the year ended 31 March 2014

Provisions

Provisions are recognised where uncertainty exists regarding the timing or amount that may be required to settle potential liabilities. Any amounts provided are charged to the income and expenditure account and credited to the balance sheet based upon Tai Calon's best estimate of potential liabilities.

Pension costs

Tai Calon participates in the Local Government Pension Scheme (LGPS), a defined benefits scheme managed by Torfaen County Borough Council (Greater Gwent). Contributions are assessed in accordance with the advice of an independent qualified actuary. Certain information concerning the assets, liabilities, income and expenditure relating to the LGPS scheme are disclosed in accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS17).

Designated Reserves

The Board will determine annually the amount of surplus that is to be transferred to the Designated Reserves. For 2013/14 the Board has agreed to transfer receipts from Right To Buy Sales to a Designated Reserve, net of the Net Income Foregone amount set out in the Transfer Agreement.

3. Turnover, operating costs and deficit

	Year Ended 31 st March 2014			Year ended 31 March 2013		
	Turnover	Operating Costs	Operating Costs / (deficit)	Turnover	Operating Costs	Operating Costs / (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings						
General needs housing	20,576	(21,398)	(822)	19,513	(20,757)	(1,244)
Fully rented housing accommodation	20,576	(21,398)	(822)	19,513	(20,757)	(1,244)
Garages	32	0	32	21	0	21
Other activities	344	(328)	16	150	(328)	(178)
Total	20,952	(21,726)	(774)	19,684	(21,085)	(1,401)

Notes to the Financial Statements

For the year ended 31 March 2014

4. Turnover from lettings

	General Needs and Sheltered Housing	Supported Housing	Other Social Housing Letting Income	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000	£'000	£'000	£'000
Rents receivable	20,032			20,032	19,010
Service charges receivable	409			409	373
Income for Support Services	118			118	116
Other Revenue Grants	17			17	14
Turnover from Social Housing Lettings	20,576	-	-	20,576	19,513

5. Operating costs from lettings

	General Needs and Sheltered Housing	Supported Housing	Other Social Housing Letting Income	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000	£'000	£'000	£'000
General needs housing					
Management costs	13,233			13,233	11,914
Service Charge Cost	-			-	-
Routine Maintenance	3,748			3,748	3,991
Major Repairs Expenditure	3,111			3,111	4,160
Bad Debts	56			56	(27)
Depreciation of housing properties	1,250			1,250	719
Operating costs on social housing activities	21,398			21,398	20,757
Operating Surplus / (deficit) on social housing lettings	(822)			(822)	(1,244)
Rent losses due to voids (memorandum note)	1,298			1,298	1,087

Notes to the Financial Statements

For the year ended 31 March 2014

6. Surplus on sale of fixed assets

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Sale proceeds	543	230
Cost of sales	(41)	(42)
Surplus on disposal	502	188

During the year Tai Calon sold nine properties under the Right to Buy and two properties were demolished under a Compulsory Purchase Order by the Welsh Government.

7. Operating surplus / (deficit) for the year

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Operating surplus / (deficit) for the year is stated after charging:		
Depreciation	1,573	1,023
Operating leases – Land & Buildings	-	37
Operating leases – Other	252	239
Bad Debts	56	(27)
Auditor's remuneration (inclusive of VAT): in their capacity as auditors	13	11

Notes to the Financial Statements

For the year ended 31 March 2014

8. Board members and senior executives emoluments

The remuneration paid to the senior executives of Tai Calon was:

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Emoluments (including pension contributions and benefits in kind)	362	380
Emoluments (excluding pension contributions) paid to the highest paid senior executive	96	95

No remuneration was paid to the members of the Board of Management during the year.

The Chief Executive is a member of the LGPS pension scheme and no enhanced or special terms apply. Tai Calon's contribution in respect of the Chief Executive's pension fund amounted to £12,281. Tai Calon does not make any further contribution to any individual pension arrangement for the Chief Executive.

9. Employee and employer costs

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Staff costs during the year:		
Wages and Salaries	6,850	6,365
Social security costs	497	491
Other pension costs	1,066	1,044
	8,413	7,900

Average number of full time equivalent employees during the year:

	For the year ended 31 March 2014	For the year ended 31 March 2013
	No	No
Management and administration	139	133
Wardens, caretakers and cleaners	23	21
Housing repair service	120	132
	282	286

Notes to the Financial Statements

For the year ended 31 March 2014

10. Interests and related party transactions

During the year Tai Calon provided rented accommodation to five Board members who were tenants of Tai Calon, and charged rent to those members on Tai Calon's standard terms. Tenant Board members are unable to use their position to their advantage. Where Board members are Councillors, any transaction with those local authorities is at an arm's length basis and as such Board members are unable to use their position to their advantage.

11. Interest payable and similar charges

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Interest payable and similar charges	2,328	1,458
	2,328	1,458

Notes to the Financial Statements

For the year ended 31 March 2014

12. Tangible fixed assets – housing properties

	Freehold Housing properties held for letting	Freehold Housing properties in the course of construction	For the year ended 31 March 2014 Total
	£'000	£'000	£'000
Cost			
As at 1 st April 2013	33,195	-	33,195
Additions during the year - Components	20,944	-	20,944
Disposals during the year	(31)	-	(31)
At 31st March 2014	54,108	-	54,108
Depreciation			
As at 1 st April 2013	1,036	-	1,036
Charge for the year	1,250	-	1,250
Disposals during the year	(2)	-	(2)
At 31st March 2014	2,284	-	2,284
Net book value			
At 31st March 2014	51,824	-	51,824
As at 1 st April 2013	32,159	-	32,159

Major repairs and investment in existing properties to let during the year amounted to £24 million. This has been accounted for as follows:

	For the year ended 31 March 2014 Total	For the year ended 31 March 2013 Total
	£'000	£'000
Freehold Property and Land		
Planned maintenance (revenue)	3,063	4,153
Investment (capital)	20,944	17,848
Long Leasehold Property and Land		
Planned maintenance (revenue)	48	7

Notes to the Financial Statements

For the year ended 31 March 2014

Units in Management:

General needs housing properties in management

Shared ownership

Leasehold management services

	For the year ended 31 March 2014	For the year ended 31 March 2013
	No	No
General needs housing properties in management	6,165	6,176
Shared ownership	-	-
Leasehold management services	336	335
	6,501	6,511

13. Tangible fixed assets – Capital grants

	Housing properties held for letting £'000	Housing Properties in the course of construction £'000	For the year ended 31 March 2014 Total £'000
At 1 st April 2013	8,034	-	8,034
Additions during the year	4,200	-	4,200
Disposals during the year	(7)	-	(7)
At 31 March 2014	12,227	-	12,227

Gap Funding of £4.2m has been received from the Welsh Government during the year.

14. Tangible fixed assets – Other Capital Funding

	Housing properties held for letting £'000	Housing Properties in the course of construction £'000	For the year ended 31 March 2014 Total £'000
At 1 st April 2013	2,684	-	2,684
Additions during the year	-	-	-
Disposals during the year	-	-	-
At 31 March 2014	2,684	-	2,684

Notes to the Financial Statements

For the year ended 31 March 2014

15. Tangible fixed assets – other

	Office premises	Scheme equipment	Vehicles & office equipment	For the year ended 31 March 2014 Total
	£'000	£'000	£'000	£'000
Cost				
At 1 st April 2013	2,586	-	955	3,541
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
At 31 March 2014	2,586	-	955	3,541
Depreciation				
At 1 st April 2013	290	-	459	749
Additions during the year	132	-	191	323
Disposals during the year	-	-	-	-
At 31 March 2014	422	-	650	1,072
Net book value				
At 31 March 2014	2,164	-	305	2,469
At 1 st April 2013	2,296	-	496	2,792

16. Other property

Other property consists of 26 commercial properties and approximately 550 garages in Blaenau Gwent, these were transferred at zero value.

Notes to the Financial Statements

For the year ended 31 March 2014

17. Debtors: amounts falling due within one year

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Arrears of rent, water and service charges	877	791
Less: provision for bad and doubtful debts	(655)	(698)
	222	93
Staff car loans	4	11
Recoverable VAT	899	1,217
Debtors and prepayments	611	287
Prepaid Loan Facility Fees	52	52
	1,788	1,660
Debtors: falling due after more than one year:		
Prepaid loan facility fees	1,319	1,371
	3,107	3,031

Staff car loans at 31 March 2014 consist of loans to 6 current employees. Loans are payable over periods up to five years with interest charged between 2% and 6%.

Notes to the Financial Statements

For the year ended 31 March 2014

18. Creditors: amounts falling due within one year

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Accruals and deferred income	1,171	799
Capital creditors	2,275	982
Interest Payable & Similar Charges	238	188
Maintenance and other supplies	208	987
Housing Loans	13,000	10,500
	16,892	13,456

19. Creditors: amounts falling due after more than one year

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Housing Loans	30,000	15,000
	30,000	15,000
Loans repayable by instalments fall due as follows:		
In five years or more	30,000	15,000
Between two and five years	-	-
	30,000	15,000
In one year or less	13,000	10,500
	43,000	25,500

Tai Calon has a loan facility of £125m on which loan arrangement fees of 1.25% were incurred. The fees are to be written off over 30 years, being the expected life of the loans agreed. £13m has been drawn down on a variable rate basis at rates ranging from 0.5% to 0.7% and £30m has been drawn down on a fixed rate basis. The loans are secured over the properties held by the Association.

Notes to the Financial Statements

For the year ended 31 March 2014

20. Non-equity share capital

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£	£
Shares of £1 issued:		
At 1 st April 2013	850	433
Issued during the year	60	445
Cancelled during the year	(75)	(28)
At 31 March 2014	835	850

The shares provide members with the right to vote at general meetings. The shares carry no right to a dividend, there is no provision for the redemption of shares and there is no provision for a distribution following a winding up.

21. Reserves

	Designated Reserve	Designated Reserve Total	General Pension Reserve	General reserve	General Reserve Total	2014 Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 st April 2013	675	675	(6,710)	(740)	(7,450)	(6,775)
Deficit for year	-	-	-	(2,596)	(2,596)	(2,596)
Actuarial gain for year	-	-	4,853	-	4,853	4,853
Transfers from revenue reserves	330	330	(302)	(28)	(330)	-
At 31 March 2014	1,005	1,005	(2,159)	(3,364)	(5,523)	(4,518)

Notes to the Financial Statements

For the year ended 31 March 2014

22. Operating leases

At 31 March 2014 Tai Calon had annual commitments under operating leases as follows:

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Motor vehicle and office equipment expiring:		
Within one year		
Between two and five years	222	222
	222	222

23. Capital commitments

	For the year ended 31 March 2014	For the year ended 31 March 2013
	£'000	£'000
Capital expenditure contracted but not provided for in the financial statements	17,580	17,924
Capital expenditure authorised by the Board but not contracted	-	-

These capital commitments will be funded by existing loan facilities, and capital grants from the Welsh Government.

Notes to the Financial Statements

For the year ended 31 March 2014

24. Net Liabilities

This year's deficit of £2.624m has arisen mainly because of continuing major repair expenditure of £3.1m. This combined with the prior year's results and the £4.853m actuarial surplus on the pension scheme has led to the Association recognising a deficit on its general reserves of £5.5m. The pension liability of £2.159m will only crystallise when all employees exit the pension scheme. The funding of major repairs both now and in the future is covered by existing loan facilities' amounting to £125m of which £43m has been drawn by the year end.

The Board has a reasonable expectation that Tai Calon has adequate resources to continue operations for the foreseeable future. The Board has approved a 30 year business plan which shows annual surpluses on the Income and Expenditure Account from 2019/20 and a positive Balance Sheet from 2026/27. The deficits in the accounts are due to significant investment required to the housing stock to meet WHQS, which is funded by a £125m funding facility from Barclays and Royal Bank of Scotland. Since transfer Tai Calon has outperformed the approved business plan and borrowed over £6m less than originally planned. For these reasons the going concern basis has been adopted for these financial statements.

25. Pension costs

Tai Calon participates in the Torfaen County Borough Council (Greater Gwent) pension scheme (LGPS). Further information on the scheme is given below:

LGPS

Tai Calon Community Housing Ltd participates in the Torfaen County Borough Council (Greater Gwent) pension scheme which is a defined benefit scheme based on final pensionable salary. Certain employees of Tai Calon participated in the scheme prior to the stock transfer taking place and, as such, assets or liabilities attributable to these individuals were identified at the transfer date i.e. 26th July 2010. As part of the transfer agreement, liability for the proportion of the debt attributable to these employees that relates to the pre-transfer period rests with Blaenau Gwent County Borough Council. The gains and losses recognised by Tai Calon therefore relate solely to the period since transfer.

The most recent valuation was carried out at the 31st March 2013. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities discounted to their present value. Tai Calon's contribution rate from 1st April 2013 to 31st March 2014 was 12.8% of members' contributions. It is projected that contributions of £855,000 will be made for the forthcoming year.

Notes to the Financial Statements

For the year ended 31 March 2014

The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS17 purposes were:

	2014	2013
	%pa	%pa
Discount rate	4.6%	4.2%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.4%	2.4%
Rate of CPI inflation	2.4%	2.4%

	2014	2013
	%pa	% pa
Expected rates of return on:		
Equities	7.0%	7.0%
Government Bonds	3.4%	2.8%
Other bonds	4.3%	3.9%
Property	6.2%	5.7%
Cash/liquidity	0.5%	0.5%
Other	7.0%	7.0%

	2014	2013
	£'000	£'000
Market value as at 31st March		
Equities	22,142	20,854
Government Bonds	2,064	2,375
Other bonds	2,121	2,320
Property	735	628
Cash/liquidity	255	136
Other	961	983

The movement in the net surplus for the year to 31st March 2014 is as follows:

	2014	2013
	£'000	£'000
Reconciliation of funded status to balance sheet		
Fair value of plan assets	(28,278)	(27,296)
Value of funded obligations	30,437	34,006
Value of unfunded obligations	-	-
Total estimated scheme deficit / (surplus)	2,159	6,710

Notes to the Financial Statements

For the year ended 31 March 2014

Components of pension costs for year

	2014 £'000	2013 £'000
Current Service Costs	1,267	1,001
Interest on pension liabilities	1,454	1,369
Expected return on assets	(1,661)	(1,393)
Past Service cost (gain)	-	38
Total pension cost recognised in income and expenditure account	1,060	1,015

Statement of recognised surpluses and deficits

	2014 £'000	2013 £'000
Actuarial (gains) / losses	(4,853)	1,925
Total pension cost recognised in the statement of recognised surpluses and deficits	(4,853)	1,925

The cumulative surplus of recognised surpluses is £0.822m.

Changes to present value of liabilities during the year

	2014 £'000	2013 £'000
Present Value of scheme liabilities at start of year	34,006	27,506
Current service cost	1,267	1,001
Interest cost	1,454	1,369
Member contributions	365	307
Past service cost / (gain)	-	38
Actuarial (gains) / losses on liabilities	(6,214)	4,204
Benefits and transfers paid	(441)	(419)
Business combinations	-	-
Total value of funded obligations	30,437	34,006

Notes to the Financial Statements

For the year ended 31 March 2014

	2014	2013
	£'000	£'000
Changes to the fair value of plan assets during the year		
Present Value of scheme assets at start of year	27,296	23,030
Expected return on assets	1,661	1,393
Business combinations		
Actuarial gains on assets	(1,361)	2,279
Employer contributions	758	706
Member contributions	365	307
Benefits and transfers paid	(441)	(419)
Total fair value of plan assets	28,278	27,296
	2014	2013
	£'000	£'000
Actual return on plan assets	2,156	3,672
Experience gains / (losses) on assets	(1,361)	2,279
Experience gains / (losses) on liabilities	2,382	-

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