

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**FSA Registered number: SP2489RS**

**The Scottish Housing Regulator Registered number: 291**

**Scottish Charity number: SC037244**

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2010**

**Committee of Management, Executives and Advisers**

**1.1 Members of Committee of Management**

The Members of the Committee of the Association during the year to 31 March 2010 were as follows:

1. Bill Dickie, Chairperson
2. Campbell Boyd
3. Colin Cumming
4. Councillor Thomas Lunny, nominated by North Lanarkshire Council
5. Councillor Andy Carmichael, nominated by South Lanarkshire Council
6. Helen Layden
7. John McBride, Secretary
8. Robin Dunsmuir
9. Theresa Cameron, Vice Chairperson (resigned 14 July 2010)
10. Thomas Campbell
11. Laura Hamilton
12. John Gormley
13. Jackie Bowie, Co-optee
14. John Dunlop, Co-optee

**Total members at 31 March 2010 – 14**

Tenant Members	7
General Members	5
Nominated Members	2

**Board of Management Resignations – 4**

J. Penman  
W. Blair  
D. Pace  
T. Russell

**Registered Office**

50 Scott Street  
Motherwell  
ML1 1PN

**Auditors**

Baker Tilly UK Audit LLP  
Chartered Accountants and Registered Auditors  
Breckenridge House  
274 Sauchiehall Street  
GLASGOW  
G2 3EH

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2010**

**Bankers**

Barclays Bank plc  
Aurora  
1<sup>st</sup> Floor  
120 Bothwell Street  
Glasgow  
G2 7JT

**Solicitors**

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

**Corporate Management Team**

The Corporate Management Team of CVHA during the year to 31 March 2010 was as follows:

Tom Barclay  
Shirley MacDonald  
Stewart MacKenzie  
John Turnbull

Chief Executive  
Head of Finance Services  
Head of Housing Services  
Head of Project Services

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010**

**Membership of Committees**

Housing and Technical Services Committee	1. Campbell Boyd 2. John Gormley 3. Tom Campbell 4. Helen Layden 5. John Dunlop 6. Theresa Cameron# 7. Bill Dickie* 8. John McBride* 9. Laura Hamilton
Finance Committee	1. Robin Dunsmuir 2. Campbell Boyd 3. Colin Cumming 4. Helen Layden 5. Jackie Bowie 6. John McBride* 7. Theresa Cameron# 8. Bill Dickie*
Building and Development Committee	1. Colin Cumming 2. Tom Campbell 3. Robin Dunsmuir 4. Bill Dickie* 5. John McBride* 6. Theresa Cameron#
Corporate Resources Committee	1. Theresa Cameron# 2. Tom Campbell 3. Bill Dickie* 4. Helen Layden 5. John Dunlop 6. John McBride*
Audit Committee	1. Robin Dunsmuir 2. Bill Dickie* 3. John McBride* 4. Theresa Cameron# 5. Colin Cumming 6. Helen Layden

\* Chair, Vice Chair and Secretary are standing committee members for all committees  
# resigned as Vice Chair on 14 July 2010

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

### Principal activity

Clyde Valley Housing Association (CVHA) is a not for profit organisation administered by a voluntary Board. The principle activity of CVHA is the development, management and maintenance of affordable housing for people in housing need.

CVHA is registered with the Financial Services Authority as an Industrial & Provident Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property numbers we currently own and manage:

		31 Mar 2010	Restated 31 Mar 2009
<b>Managed Property Numbers</b>			
Tenanted Property		2,733	2,677
Shared Ownership Properties		6	7
Total		2,739	2,684

### Financial review

The Group has robust financial management policies and procedures in place with management of annual income and expenditures through a devolved budget process. Financial Results throughout the year are reported to and approved by the Finance Committee. With a focus on the effective management of resources and partnering agreements with suppliers and contractors the Association has continued to deliver cost efficiencies without compromising the level of service to our tenants and wider customers.

The Group Income and Expenditure Account is set out on page 20. The Group made a surplus of £182,080 during the year 2009/10. The largest spend area in the Group is our planned investment programme and reactive maintenance, and specifically, the direct costs for which are about 50% of the total spend of the Association and consist mainly of maintaining and improving rented housing stock. The surplus in the year was made by CVHA after investment in replacement kitchens, bathrooms, heating systems, windows, doors and external works to the properties. The total expenditure on major repairs in the year amounted to £1,811,480. This compares with £1,907,907 for similar expenditure in the previous year. This expenditure has been written off in the year it is incurred and, there have been no capitalised major repairs in the year.

The Association continues to have a substantial planned investment programme. A full review of our Asset Management Strategy was undertaken during 2009/10, resulting in a detailed programme of investment for future years that targeted in the most appropriate way for the benefit of our tenants and our properties. We have also committed substantial funds from our business plans to ensure that we meet our commitments under the Scottish Housing Quality Standard (SHQS) and its target implementation date of 2015.

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

### Surplus for the year

The Group Income and Expenditure Account for the year is set out on page 20. The surplus for the year to 31 March 2010 is - £182,080 (2009: £602,052) which has been dealt with as follows:

	£
Transferred to Revenue reserve	(529,863)
Transferred to Designated Reserve	<u>711,763</u>
	<u>182,080</u>

### Business Review

#### Our Mission Statement

CVHA aims for continued excellence in the management and development of high quality affordable housing and wider regeneration, in order to create, with our partners, thriving communities.

#### Our Strategic Objectives

CVHA has as its Strategic Objectives:

- To provide, by building and improvement, high quality and affordable housing for a range of needs.
- To invest in and maintain our houses and other assets to high standards
- To meet the needs and expectations of all our customers in a sensitive and cost effective fashion for the well being of the community as a whole.
- To ensure that our activities and our relationships with local organisations lead to the social and economic regeneration of the communities we serve.
- To seek continuous improvement and best practice in the financial, administrative and personnel systems, which support our core work.

The Group's strategic objectives for 2008-2011, outlined below, are designed to help us achieve our mission and aims. For the sake of clarity those objectives are split into 5 key themes of *Customer, Community, People, Growth and Sustainability*:

#### 1. Customer

Our customers are at the heart of everything we do; we will drive and develop service excellence – we will:

- Actively engage with and listen to our customers.
- Continually look to improve and expand our services.
- Continue to engage and promote the Clyde Valley Group in housing strategy development and delivery.

#### 2. Community

We are committed to providing homes and shaping communities – we will:

- Enhance the quality, comfort and safety of our housing.
- Promote the sustainable community's agenda across all aspects of our business.
- Promote and encourage volunteering.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (contd.)**

**3. People**

Our people are our business – we will:

- Invest in our people.
- Establish a health and learning culture.
- Actively promote equality.
- Be an employer of choice.

**4. Growth**

We will develop the Group's current and new business opportunities – we will:

- Explore new business opportunities, which will benefit and sustain the Group
- Expand current business opportunities.
- Exploit our competences in asset based regeneration.

**5. Sustainability**

We are committed to being effective and efficient – we will:

- Develop efficient and effective communications and marketing.
- Operate with a robust financial and risk management framework.
- Deliver efficiencies through our service plans.
- Operate the highest standard of governance.

The Group's Core Values will underpin the achievement of these objectives:

**CUSTOMER**

- We value our customers and regard them as the focus of all our work

**COMMITMENT**

- We value the effort and commitment of the volunteers who run our organisation

**SUPPORT**

- We value and support our colleagues within the group
- We value and support our stakeholders and partners and seek to work with them in an atmosphere of mutual trust and respect.



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (contd.)**

**INNOVATION**

- We value the importance of progress, innovation and continuous improvement for our organisation.

**INTERGRITY**

We value an open, honest and positive culture and effective communication

The Association has a wholly owned subsidiary, Clyde Valley Property Services Limited (CVPS), whose mission statement is as follows.

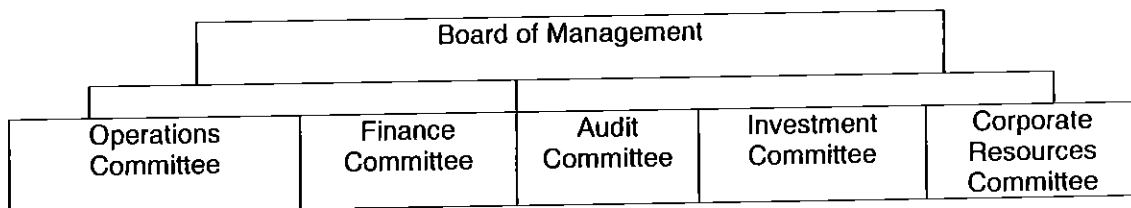
Clyde Valley Property Services aims to provide the best quality, value for money services, which protect and maintain customers' properties, the local environment and the wider community.

**Operational Review**

**Corporate Governance**

The governing body of CVHA is the Board of Management who are elected by the share members of the Association (see above for details). It is the responsibility of the Board to develop the strategy, set the policy and provide overall direction for the Association. They also monitor the operational activities of the Association through a structure of Committees in addition to the main Board, who have specific remits detailing their roles and responsibilities. The Committee structure of the Association is as follows:

Structure



Members of the Committee of Management serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last two years Internal Audits of Governance arrangements have indicated that the organisation has good systems in place in this respect.

The Leadership Team of CVHA (as listed above) are responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set.

This report details issues that have arisen during the year ended 31<sup>st</sup> March 2010 relating to the main activities undertaken by CVHA.

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

### Corporate Issues

#### Tenant Participation

Tenant involvement and participation is key to delivering CVHA's aims and objectives. The Association works closely with the Tenant Participation Advisory Service (TPAS) to ensure that optimum ways of engaging with tenants are identified and events and activities tailored around this. Regular events are undertaken to engage with tenants. In addition CVHA undertakes periodic Customer Satisfaction Surveys and analyses the results to target service improvements where appropriate. 2009/10 also saw the introduction of Customer/Staff Short Life Working Groups to target specific areas raised through our consultation and feedback processes, resulting in improved processes and procedures.

#### Performance Management

Service delivery is a high priority for us and it is important that this can be measured in the most appropriate way. The organisation has a clear Performance Management Framework coupled with Key Performance Indicators (KPIs) for each area of our business. These are monitored and reviewed by our Management Team and reported to the Committee of Management on a quarterly basis. CVHA holds the Charter Mark accreditation, which was recently renewed and this measures key elements of performance in relation to Customer Service. In addition the Association was awarded 1 Star Status under the Best Companies Accreditation and was awarded Lanarkshire Employer of the Year at the Lanarkshire Business Awards 2009.

#### Best use of Resources

We regularly review our service delivery and take any action necessary to deliver best value based upon the results of these reviews. As per our Procurement Strategy, services are periodically subject to tender to achieve best value and in 2009/10 key business support services in relation to Insurance and Internal Audit were tendered in order to promote more efficient work practices and review pricing levels.

We have an ongoing programme of major investment in our housing stock, which is by far our highest expense. This includes carrying out major repairs and energy efficiency works. We have undergone a major review of our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. In order to continue achieving best value, we recently tendered our Maintenance Contract using a methodology informed by updated stock condition information.

In 2008/09 we undertook a number of process mapping reviews to identify efficiencies, which could free up resources to redeploy to more productive work (e.g. void turnaround). This has continued during 2009/10 and we continue to look for efficiencies and this is represented in our Annual Efficiency Plan, with outcomes realised in our Annual Efficiency Statement.

We also seek to benchmark our performance against peers and are active members of the G8 Benchmarking Group and the Lanarkshire Voluntary Housing Forum.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

#### **Services**

We aim to deliver good quality and efficient services, and we set ourselves the goal of achieving continuous improvement in what we do.

We routinely seek customer feedback, look to examples of good practice from others and actively seek to engage with our tenants so that the Association can tailor service delivery that meets the changing needs and aspirations of our diverse customer base. Our Short Life Working Groups established throughout 2009/10 focused on Customer Care, Estate Management, New Build, Repairs and Maintenance and Rent Harmonisation. All of these working groups resulted in key outputs with improvements in processes or services.

#### **Development Issues**

During the year 39 homes were handed over to new tenants and the satisfaction surveys of these tenants showed that they were very happy with their new homes. In addition medical adaptations including major extension work meant that tenants could remain in their own homes whilst getting a better quality of life due to these improvements. CVHA receives Housing Association Grant (HAG) funding in relation to investment in housing development and full details of this is in the notes to the accounts.

#### **Housing Issues**

CVHA continues to work on reducing the period of time taken to let properties to ensure that we minimise our costs and maximise our effectiveness in housing people in need. We recognise that void rent loss is potentially a major cost to the organisation and following a full process review of this area, during 2009/10 we reduced our void turnaround from 42 to 24 days, against a target of 25 days, which represents a 22% improvement over a 2 year period.

Current tenant arrears reduced significantly during 2009/10 against the backdrop of a difficult economic climate, which is a significant achievement (total current tenant arrears at 31 March 2010 stood at 1.91%). A firm but fair approach is adopted to arrears recovery, including welfare benefits advice and legal action as a last resort. CVHA also continues to review and optimise its rent collection methods. Operations Services staff remain vigilant to the importance of minimising arrears.

#### **Communities Issues**

CVHA has a track record of active involvement in the communities where we operate. Examples have included the award-winning regeneration of Old Monkland, Coatbridge and also supporting the establishment of a Clyde Valley Registered Tenant Organisations (RTOs). We have also introduced Customer Working Groups involving customers who wish to contribute to service and policy improvements.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

#### Asset Management

CVHA seeks to maintain its properties to a good standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. These costs are charged to the Income and Expenditure Account in the year the work is done.

In addition, CVHA has a long term programme of investment to cover for work which has become necessary since the original development was completed, including works required due to subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. Our Investment Programme is operated which includes all the costs of maintenance work required, based upon the typical life cycles of the various component parts. The costs of these repairs would be charged to the Income and Expenditure Account, unless it was agreed they could be capitalised within the terms outlined in the Statement of Recommended Practice for Registered Social Landlords.

CVHA has recently undertaken a major review of its Asset Management Strategy, which rigorously reviewed our stock condition and investment assumptions and improved targeting of expenditure to areas of need at the appropriate time and also to ensure compliance with the SHQS by 2015.

The Group is committed to prudent property investment and will continue to efficiently maintain its houses to a good standard. CVHA will continue to explore innovative asset management and procurement opportunities in order to maximise value for money. The appointment of an Asset Manager in 2010 will ensure this further.

#### Finance and IT Issues

The Association uses an Integrated Housing Management System, which incorporates Housing, Technical and Finance and efficiently allows interfaces to be imported and exported with relevant information. The Association wishes to reduce operating costs by streamlining back office processes and this is a key area to address.

The Association is in the process of reviewing its IT Strategy. The main aims of this Strategy are:

- (i) To support the Business - by providing efficient and effective processes, enabled by well-designed, integrated information systems.
- (ii) People at the centre of IT provision: to ensure that all staff and Board members of the Group are well supported, trained and equipped to fulfil their roles.
- (iii) Information Resources: to provide the Group with electronic information resources that they need for their work and development.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (contd.)**

**Finance and IT Issues (contd.)**

- (iv) **Access:** to provide access to IT facilities for members of the Group, wherever they are, whenever they need it.
- (v) **Communication and Collaboration:** to provide integrated tools to enable communication and collaboration between members of the Group and with others with whom they liaise, such as customers, partners and stakeholders.
- (vi) To provide excellent, responsive and resilient IT services for all members of the Group.
- (vii) **Governance:** to establish a clear IT governance model for strategic planning and development, coordination, decision making, resource allocation and funding.
- (viii) **Environment:** to develop sustainable approaches to provision of IT, to minimise the impact on the environment.

Over the past few years a number of improvement IT systems have been put in place, including an electronic document management system called Documotive. This system allows the electronic management and storage of paper records within the Association.

This means that all documentation, which requires to be stored by the Association is scanned onto the network and saved in a central accessible point. Data in relation to tenants and owners is saved into our IBS System, which allows all areas of the business a central record of all data in relation to a tenancy or owner, and in essence will allow all staff to provide a one-stop-shop facility to our customers when they contact us for assistance or information.

The introduction of this system has streamlined our workflow, vastly reduced the amount of paper we use and has introduced a smarter way of working, not to mention the space and costs saved in storage.

In addition, as part of its commitment to electronic working, the Association is aiming to increase its electronic communication with its Partners and Suppliers.

We have a detailed IT Strategy which outlines a number of initiatives over the coming 3 years, and this complements our Annual Efficiency Plan targets.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

#### Other Areas

##### Risk Management Policy

The Committee has introduced a formal risk management process to assess business risks and identify risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. A formal Risk Register exists which is reviewed regularly by both the Management Team, Leadership Team and the Board, in line with the Risk Procedure. The Association also has a three-year rolling Internal Audit programme aimed at routinely reviewing the adequacy of the Association's current internal controls.

##### Volunteers

The Association is grateful for the unstinting efforts of volunteers who are involved in the Board of Management. Every effort is made to encourage volunteering of tenants where possible, and this can be demonstrated through our Composition and Skills Policy which was developed by our members.

##### Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Purchase Ledger system is set to generate an automatic payment 30 days after the date of invoice.

##### Rental Income

During 2009/10, the Association created a Rent Harmonisation Working Group comprising customers and we have now fully implemented a Rent Harmonisation Strategy.

This will allow a more streamlined approach to rent setting that is fair, equitable and transparent, with like for like properties being charged the same rents.

##### Budgetary Process

Each year the Committee of Management approves the annual budget, five-year viability report and 30-year Business plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. The Management Team are fully involved in the pre budget setting process, using our Budget Process Manual and thereafter in the monitoring of budgets as per our Budget Monitoring Manual.

Association operates a devolved budget system with all managers playing a key role controlling expenditure throughout the organisation. Approval procedures are in place in respect of major areas of risk, such as major contract tenders, expenditure and treasury management.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

#### Treasury Management

CVHA has an agreed loan facility of £80m with lenders Bank of Scotland and Barclays Bank, of which £27.6m was undrawn at 31<sup>st</sup> March 2010. In addition CVHA has an agreed overdraft facility with its Business Banker, Barclays Bank. The relationship the Association has with both banks is very important to us and we look forward to continuing to work in partnership with these key stakeholders.

CVHA has active treasury management controls, which operate in accordance with the Treasury Policy approved by the Committee of Management. In this way CVHA manages cash flow and borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

CVHA, as a matter of policy, does not enter into transactions of a speculative nature. At 31<sup>st</sup> March 2010, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time. Note 28 to the Financial Statements details the Financial Instruments held by CVHA as at 31<sup>st</sup> March 2009.

#### General Reserves

CVHA was originally set up from a series of successful Large Scale Voluntary Transfer (LSVT) initiatives and therefore from inception in 1996 has been a debt funded organisation. Because of this there are no cash reserves currently, however the Business Plan predicts that the Association will move into surplus at a future time. Therefore the revenue reserves are negative at this time.

However the Association also holds a designated reserve, which is earmarked for repairs spend in future years. The purpose of these funds is detailed in note 1 in the financial statements.

When taking revenue reserves and designated reserves together the net Reserves are a deficit of £188,798 as at 31<sup>st</sup> March 2010.

#### Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (contd.)

#### **Quality and Integrity of Personnel**

The Association is committed to the recruitment of high quality employees, as well as the development of its existing people, and this is demonstrated through our Recruitment Policy. Core competencies in relation to IT are essential criteria for all posts and existing post holders. The Association participates in a detailed annual appraisal and mid year review process each year for all of its staff, which then feeds into the Annual Staff Training Plan considered by the Associations Corporate Resources Committee. In its aspirations to become an Employer of Choice the Association took part in the Best Companies Accreditation Scheme and was awarded 1 Star Status, as well as winning Employer of the Year at the Lanarkshire Business Awards 2009.

#### **Employee Engagement**

The Association encourages staff involvement in all initiatives and holds a staff conference each year. All staff are involved in the development of the Internal Management Plan for the Group and routinely briefed through the team briefing system on matters of importance. During 2009 we introduced our intranet which is updated daily by all functions, both for business and personal updates. We also undertook an organisational review during 2009/10 and fully engaged with every member of staff during this process, whether directly affected or not, to ensure all comments and suggestions were considered. The new structure comes into effect from 1<sup>st</sup> April 2010.

#### **Equalities**

CVHA is committed to the elimination of all forms of unlawful or unfair discrimination and to promoting equality in all our functions. CVHA has recently reviewed its Equality Strategy, Policy and Action Plan to take cognisance of the implementation of the new Equality Bill. This is discussed at each meeting of the Corporate Resources Committee.

#### **Health and Safety**

The Association is aware of its responsibilities on Health & Safety matters and has a detailed policy in place. Employees are provided with instruction, training and supervision to secure health and safety. The Association's Health and Safety Board meets periodically and during 2009/10 a full review of its health and safety processes was undertaken, resulting in a revised structure for the health and safety board, improved processes and procedures, and the introduction of some good practice measures, including near miss reporting.

#### **Committee and officers' Insurance**

CVHA has purchased and maintains insurance to cover its Committee and officers against liabilities in relation to their duties on behalf of CVHA, as authorised by the Association's rules.



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF COMMITTEE OF MANAGEMENT**

**31 MARCH 2010 (contd.)**

**Home Ownership**

CVHA sold 9 properties under right to buy in the year to 31<sup>st</sup> March 2010, thereby allowing some tenants to achieve their aspiration of becoming home owners. This number has reduced from prior years, with a number of potential buyers pulling out from the sale in recent months. It is assumed largely due to the current economic environment and credit crunch, and is expected to reduce in future years due to the changes to Right to Buy legislation proposed in the recent Housing Bill. In addition the New Supply Shared Equity (NSSE) scheme has resulted in 17 house sales in the year bringing new shared equity owners on to the property ladder.

**Future Developments**

The Association has a track record of development with over £100m of development spend since it was formed and the provision of some 1,225 new build properties incorporating new sites and regeneration of communities. We will continue with this policy of improving the supply of quality housing and delivering effective housing services, working with existing and new partners as the opportunity arises. This includes involvement in regeneration and master planning of specific areas of need and the provision of mixed tenure developments where it meets with client requirements. The Association recognises that the current economic climate has meant a change in the client group who may be seeking rented accommodation and this will require consideration of more flexible approaches to development and development funding in future. Another impact of the economic climate is that to date the Association has purchased 61 properties under the Scottish Governments "Mortgage to rent" Scheme which enables homeowners who are experiencing financial difficulties to continue to remain in their own homes and rent these from the Association.

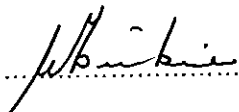
**Information for Auditors**

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

**Auditors**

Baker Tilly UK Audit LLP have indicated their willingness to continue acting as auditor to the Association.

On behalf of the Committee of Management

Signed:..........

Date: .....24 AUG. 2010.....

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES**

**31 MARCH 2010**

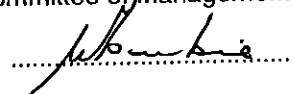
Statute requires the Management Committee to prepare financial statements for each financial year, which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Management Committee are required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee confirm that the financial statements comply with the requirements.

The Management Committee are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Committee of Management



Date: 24 June 2010

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2010

The Management Committee acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:-

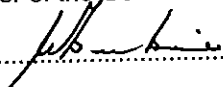
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Committee review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management have reviewed the system of internal financial control in the Association during the year ended 31 March 2010. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

By order of the Committee of Management

.....  


Date: 24 Aug 2010

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE MEMBERS OF CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

We have audited the financial statements on pages 20 to 54, which have been prepared under the accounting policies set out on pages 30 to 33.

This report is made solely to the Group's members as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 committee and auditors**

As described on page 14 the Association's Committee of Management is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Association is not disclosed.

We report to you whether in our opinion the information given in the Management Committee Report is consistent with the financial statements.

**Basis of opinion**

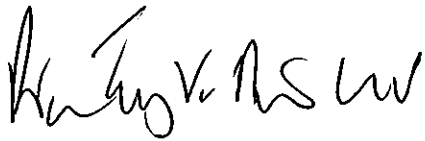
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee 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.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the Association at 31 March 2010 and of the income and expenditure for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



Baker Tilly UK Audit LLP  
Chartered Accountants  
Registered Auditor  
Breckenridge House  
274 Sauchiehall Street  
GLASGOW  
G2 3EH

Date: 31.8.10

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE AUDITORS TO THE MANAGEMENT COMMITTEE OF**  
**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**On Corporate Governance Matters**

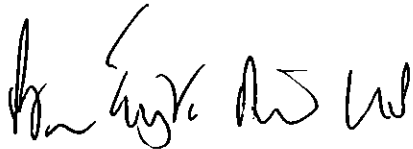
In addition to our audit of the Financial Statements, we have reviewed your Statement on page 15 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

**Basis of Opinion**

We carried out our review having regard to Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

**Opinion**

In our opinion, your statement on internal financial control on page 15 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Baker Tilly UK Audit LLP  
Chartered Accountants  
Registered Auditor  
Breckenridge House  
274 Sauchiehall Street  
GLASGOW  
G2 3EH

Date: 21.8.10

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Turnover</b>	2a	12,074,637	10,622,399
Less: Operating costs	2a	<u>(10,067,158)</u>	<u>(9,087,968)</u>
<b>Operating surplus</b>	2a	2,007,479	1,534,431
Gain on disposal of fixed assets		222,177	662,170
Interest receivable and other income	5	1,855	33,755
Interest payable and similar charges	6	<u>(2,049,431)</u>	<u>(1,628,303)</u>
<b>Surplus on ordinary activities before taxation</b>		182,080	602,053
Tax on surplus on ordinary activities	21	0	0
<b>Surplus for the year</b>		<u>182,080</u>	<u>602,053</u>

The results for the year relate wholly to continuing activities.

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

There is no material difference between the surplus on ordinary activities for the year and the surplus for the year stated above and their historical cost equivalents.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Turnover</b>	2b	11,799,840	10,367,990
Less: Operating costs	2b	<u>(9,759,423)</u>	<u>(8,878,459)</u>
<b>Operating surplus</b>	2b	2,040,417	1,489,531
Gain on disposal of fixed assets		222,177	662,170
Interest receivable and other income	5	1,855	61,030
Interest payable and similar charges	6	<u>(2,049,431)</u>	<u>(1,628,303)</u>
<b>Surplus on ordinary activities before taxation</b>		215,018	584,428
Tax on surplus on ordinary activities	21	0	0
<b>Surplus for the year</b>		<u>215,018</u>	<u>584,428</u>

The results for the year relate wholly to continuing activities.

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

There is no material difference between the surplus/(deficit) on ordinary activities for the year and the surplus/(deficit) for the year stated above and their historical cost equivalents.



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9a	123,598,490	112,564,672
Less HAG and other grants	9a	<u>(77,032,730)</u>	<u>(69,874,523)</u>
		46,565,760	42,690,149
Other fixed assets	10a	<u>4,724,390</u>	<u>4,521,326</u>
		<u>51,290,150</u>	<u>47,211,475</u>
<b>Investments</b>			
LIFT Loan	11a	1,199,005	1,199,005
LIFT Grant	11a	<u>(1,199,005)</u>	<u>(1,199,005)</u>
<b>Current assets</b>			
Stock	12	768,495	1,428,415
Debtors	13	2,596,199	1,626,517
Cash at bank and in hand		<u>2,849,140</u>	<u>79,310</u>
		6,213,834	3,134,242
<b>Creditors: amounts falling due within one year</b>	14	<u>(5,311,722)</u>	<u>(2,781,692)</u>
<b>Net current assets</b>		<u>902,112</u>	<u>352,550</u>
<b>Total assets less current liabilities</b>		<u>52,192,262</u>	<u>47,564,025</u>
<b>Creditors: amounts falling due after more than one year</b>			
<b>Net liabilities</b>	15	<u>(52,380,887)</u>	<u>(47,934,746)</u>
		<u>(188,625)</u>	<u>(370,721)</u>
<b>Capital and reserves</b>			
Share capital	16	173	156
Designated reserves	7a	3,388,287	2,676,524
Revenue reserve	8	<u>(3,577,085)</u>	<u>(3,047,401)</u>
		<u>(188,625)</u>	<u>(370,721)</u>

The financial statements on pages 20 to 51 were authorised for issue by the Committee of Management on 24.04.2010 and were signed on its behalf by:

Chairperson:

Secretary:

Committee member:

*John M. Brude*  
*John M. Brude*  
*John M. Brude*

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**ASSOCIATION BALANCE SHEET**

**AS AT 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9b	123,035,183	112,244,224
Less HAG and other grants	9b	<u>(77,032,730)</u>	<u>(69,874,523)</u>
Other fixed assets	10b	46,002,453 <u>4,724,390</u>	42,369,701 <u>4,521,326</u>
		<u>50,726,843</u>	<u>46,891,027</u>
<b>Investments</b>			
LIFT Loan	11a	1,199,005	1,199,005
LIFT Grant	11a	<u>(1,199,005)</u>	<u>(1,199,005)</u>
		-	-
<b>Investment In Subsidiary</b>	11b	1	1
<b>Current assets</b>			
Stock	12	207,285	1,428,415
Debtors	13	4,074,623	2,286,684
Cash at bank and in hand		<u>2,835,530</u>	<u>76,263</u>
		7,117,438	3,791,362
<b>Creditors: amounts falling due within one year</b>	14	<u>(5,214,132)</u>	<u>(2,713,420)</u>
<b>Net current assets</b>		<u>1,903,306</u>	<u>1,077,942</u>
<b>Total assets less current liabilities</b>		<u>52,630,150</u>	<u>47,968,970</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(52,380,888)</u>	<u>(47,934,746)</u>
<b>Net assets</b>		<u>249,262</u>	<u>34,224</u>
<b>Capital and reserves</b>			
Share capital	16	173	156
Designated reserves	7b	3,388,287	2,676,524
Revenue reserve	8	<u>(3,139,198)</u>	<u>(2,642,456)</u>
		<u>249,262</u>	<u>34,224</u>

The financial statements on pages 20 to 51 were authorised for issue by the Committee of Management on 24 AUG 2010 and were signed on its behalf by:

Chairperson:

Secretary:

Committee member:

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Net cash flow from operating activities</b>	1	4,205,149	269,741
<b>Returns on investments and servicing of finance</b>	2	(2,047,576)	(1,594,548)
<b>Taxation</b>	2	-	-
<b>Investing activities</b>	2	<u>(4,320,435)</u>	<u>(14,835,682)</u>
<b>Net cash (outflow) from operating activities</b>		(2,162,862)	(16,160,489)
<b>Financing</b>	2	<u>4,932,692</u>	<u>12,247,816</u>
<b>Increase in cash</b>	4	<u>2,769,830</u>	<u>(3,912,673)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
<b>Net cash flow from operating activities</b>	1	3,390,517	398,063
<b>Returns on investments and servicing of finance</b>	2	(2,047,576)	(1,567,273)
<b>Taxation</b>	2	0	0
<b>Investing activities</b>	2	<u>(3,516,366)</u>	<u>(14,835,062)</u>
<b>Net cash (outflow) from operating activities</b>		(2,173,425)	(16,004,272)
<b>Financing</b>	2	<u>4,932,692</u>	<u>12,247,816</u>
<b>Increase in cash</b>	4	<u>2,759,267</u>	<u>(3,757,456)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2010**

**1) Reconciliation of surplus for year to net cash flow from operating activities**

	2010 £	2009 £
Operating surplus	2,007,479	1,534,431
Depreciation	1,042,846	867,966
(Increase) in debtors	(897,629)	(228,129)
Increase/(Decrease) in creditors	2,043,496	(1,904,581)
Aborted Development Costs	8,957	-
Loss on sale of fixed assets	-	54
	<u>4,205,149</u>	<u>269,741</u>

**2) Gross cash flows**

**Returns on investments and servicing of Finance**

Interest received	1,855	33,755
Interest paid	<u>(2,049,431)</u>	<u>(1,628,303)</u>
	<u>(2,047,576)</u>	<u>(1,594,548)</u>

**Taxation**

Corporation tax paid	-	-
S.54 Grant received	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**Investing activities**

Purchase and development of housing properties	(11,593,346)	(18,360,716)
HAG/other grants received	10,230,339	6,487,178
Payment for Properties for Sale	(3,419,417)	-
Payments for other tangible fixed assets	(479,988)	(4,451,574)
HAG repaid/abated	(268,319)	(754,909)
Payments for Commercial Properties	(242,859)	-
Proceeds on disposal of Other Fixed Assets	24,600	7,362
Proceeds on disposal of Homestake Properties	1,155,900	1,392,854
Proceeds on disposal of housing properties	272,655	844,123
	<u>(4,320,435)</u>	<u>(14,835,682)</u>

**Financing**

Net Issue of ordinary share capital	17	24
Loan finance received	4,932,675	12,247,792
	<u>4,932,692</u>	<u>12,247,816</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2010**

<b>3) Analysis of Changes in Net Debt</b>	<b>At 1 April 2009</b>	<b>Cash Flow</b>	<b>Other Changes</b>	<b>At 31 March 2010</b>
	£	£	£	£
Cash in hand, at bank	79,310	2,769,830	-	2,849,140
Debt due within 1 year	-	-	(1,025,773)	(1,025,773)
Debt due after 1 year	(47,524,359)	(4,932,675)	1,025,773	(51,431,261)
	<u>(47,445,049)</u>	<u>(2,162,845)</u>	<u>-</u>	<u>(49,607,894)</u>

**4) Reconciliation of Net Cash Flow to Movement in Net Debt (Note 3)**

	<b>2010 £</b>	<b>2009 £</b>
Increase for the year	2,769,830	(3,912,673)
Additional loans received	<u>(4,932,675)</u>	<u>(12,247,792)</u>
Change in net debt	(2,162,845)	(16,160,465)
Net debt at 1 April 2009	<u>(47,445,049)</u>	<u>(31,284,584)</u>
Net debt at 31 March 2010	<u>(49,607,894)</u>	<u>(47,445,049)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1) Reconciliation of surplus for year to net cash flow from operating activities**

	2010 £	2009 £
Operating surplus	2,040,417	1,489,532
Depreciation	1,042,846	867,349
Decrease/(Increase) in debtors	(1,715,885)	22,520
Increase in creditors	2,014,179	(1,981,392)
Prior Year Aborted Development Expenditure	8,960	-
Loss on sale of fixed assets	-	54
	<u>3,390,517</u>	<u>398,063</u>

**2) Gross cash flows**

**Returns on investments and servicing of Finance**

Interest received	1,855	61,030
Interest paid	(2,049,431)	(1,628,303)
	<u>(2,047,576)</u>	<u>(1,567,273)</u>

**Taxation**

Corporation tax paid	-	-
S.54 Grant received	-	-
	<u>-</u>	<u>-</u>

**Investing activities**

Purchase and development of housing properties	(11,593,346)	(18,360,717)
Purchase and Development of housing for sale	(2,858,207)	-
HAG/other grants received	10,230,339	6,487,178
Payments for other tangible fixed assets	(479,988)	(4,451,574)
HAG repaid/abated	(268,319)	(754,909)
Proceeds on disposal of other assets	24,600	7,983
Proceeds on disposal of Homestake properties	1,155,900	1,392,854
Proceeds on disposal of housing properties	272,655	844,123
	<u>(3,516,366)</u>	<u>(14,835,062)</u>

**Financing**

Net Issue of ordinary share capital	17	24
Loan finance received	4,932,675	12,247,792
	<u>4,932,692</u>	<u>12,247,816</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

3) Analysis of Changes in Net Debt	At 1 April 2009	Cash Flow	Other Changes	At 31 March 2010
	£	£	£	£
Cash in hand, at bank	76,263	2,759,267	-	2,835,530
Debt due within 1 year	-	-	(1,025,773)	(1,025,773)
Debt due after 1 year	(47,524,359)	(4,932,675)	1,025,773	(51,431,261)
	<u>(47,448,096)</u>	<u>(2,173,408)</u>	<u>-</u>	<u>(49,621,504)</u>

4) Reconciliation of Net Cash Flow to Movement in Net Debt (Note 3)	2010 £	2009 £
Increase/(decrease) for the year	2,759,267	(3,756,456)
Additional loans received	<u>(4,932,675)</u>	<u>(12,247,792)</u>
Change in net debt	(2,173,408)	(16,004,248)
Net debt at 1 April 2009	<u>(47,448,096)</u>	<u>(31,443,848)</u>
Net debt at 31 March 2010	<u>(49,621,504)</u>	<u>(47,448,096)</u>



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**1. Accounting policies**

**(a) Introduction and accounting basis**

The principal accounting policies of the Association are set out in paragraphs (b) to (p) below.

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authorities.

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Registered Social Landlords Accounting Requirement (Scotland) Order 2007.

In common with many large scale voluntary transfer organisations, the Association's balance sheet shows a deficit on net assets. A long range plan has been prepared which indicates that the Association should trade out of this position in the medium to longer term.

**(b) Turnover**

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Housing Regulator.

**(c) Loans**

Mortgage loans are advanced by Private Lenders or The Scottish Housing Regulator under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Housing Regulator. Mortgage loans in the balance sheet include amounts due but not received.

**(d) Housing Association Grant (HAG)**

Housing Association Grant, at amounts approved by The Scottish Housing Regulator, is paid directly to the Association as required to meet its liabilities during the development process.

HAG is repayable under certain circumstances primarily following sale of property, but will normally be restricted to net proceeds of sale.

HAG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. HAG received as a contribution towards revenue expenditure is included in turnover.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**1. Accounting policies (continued)**

**(e) Fixed assets - Housing properties**

Housing properties are stated at cost, less housing association grants (HAG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs
3. Interest charged on the mortgage loans raised to finance the scheme

These costs are either termed "qualifying costs" by The Scottish Housing Regulator for approved social housing grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

**(f) Depreciation**

1. Housing properties

Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%.

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Plant & Equipment	- 25% per annum
Office Equipment	- 25% per annum
Motor Vehicles	- 25% per annum
Computer Equipment	- 25% per annum
Leasehold Improvements	- 33% per annum

A full year's depreciation is charged in the year of purchase.  
No charge is made in the year of disposal.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**1. Accounting policies (continued)**

**(g) Designated Reserves (Note 7)**

**Major Repairs**

The reserve is based on the Association's requirement to maintain housing properties in a state of repair, which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs, and will be transferred to General Reserves, as appropriate, as actual costs are incurred.

**(h) Apportionment of management expenses**

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

**(i) Pensions (note 24)**

The Association participates in the centralised Scottish Federation of Housing Association's defined benefits pension scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

**(j) Lease Obligations**

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

**(k) Low Cost Initiatives for First Time buyers (LIFT)**

LIFT transactions are grants received from the grant awarding body and passed onto an eligible beneficiary. The grant awarding body has a benefit of a fixed charge on the property. This entitles the grant awarding body to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the asset.

As from 1 April 2008 the Scottish Government has taken security over completed sales and CVHA no longer includes the grants and related loans to the owner on the balance sheet.

**(l) Sale of fixed asset housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. Accounting policies (continued)**

**(m) Taxation**

CVHA is a registered charity and therefore is not liable to tax on its charitable activities.

**(n) Value added tax**

The Association is VAT registered and has a Group VAT structure. However, a large proportion of CVHA's income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT

**(o) Stock**

Stock of LIFT units is stated at cost, less grants.

LIFT is a shared equity scheme aimed at helping people on low incomes who wish to be homeowners but whose financial resources are insufficient to meet their needs because of local housing market prices. LIFT grant helps the Association to develop or purchase properties for shared equity purchases who cannot afford to pay the full price of a property. A shared equity purchases therefore takes an equity stake in a property, with the Association holding the remaining equity stake in that property.

**(p) Investments**

Investments in shares are stated at market value.

**(q) Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, or financial liabilities.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**2a. Particulars of Turnover, Operating Costs and Operating Surplus - GROUP**

	2010		2009	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
<b>Income and Expenditure From lettings</b>				
Social Lettings	9,077,254	(7,010,165)	8,232,880	(6,856,350)
Other activities	2,997,383	(3,056,993)	2,389,519	(2,231,618)
	<u>12,074,637</u>	<u>(10,067,158)</u>	<u>10,622,399</u>	<u>(9,087,968)</u>
		2,007,479		1,534,431
		£		£
		Operating Surplus/ (Deficit)		Operating Surplus

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**2b. Particulars of Turnover, Operating Costs and Operating Surplus - Association**

	2010		2009	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
<b>Income and Expenditure From lettings</b>				
Social Lettings	9,077,254	(7,091,693)	8,232,880	(6,915,534)
Other activities	2,722,586	(2,667,730)	2,135,110	(1,962,925)
	<u>11,799,840</u>	<u>(9,759,423)</u>	<u>10,367,990</u>	<u>(8,878,459)</u>
		<u>2,040,417</u>		<u>1,489,531</u>
				<u>1,317,346</u>
				<u>172,185</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

3a. Particulars of turnover, operating costs and operating surplus from social letting activities - Group

	General Needs Housing	Supported Housing	Shared Ownership	2010 Total	2009 Total
	£	£	£	£	£
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	8,977,861	-	8,522	8,986,383	8,265,225
Service charges	-	-	2,556	2,556	2,883
<b>Gross income from rents and service charges</b>	<b>8,977,861</b>	<b>-</b>	<b>11,078</b>	<b>8,988,939</b>	<b>8,268,108</b>
Less voids	(36,005)	-	-	(36,005)	(35,228)
<b>Net income from rents and service charges</b>	<b>8,941,856</b>	<b>-</b>	<b>11,078</b>	<b>8,952,934</b>	<b>8,232,880</b>
Grants from the Scottish Ministers	124,320	-	-	124,320	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	<b>9,066,176</b>	<b>-</b>	<b>11,078</b>	<b>9,077,254</b>	<b>8,232,880</b>
<b>Expenditure</b>					
Management and maintenance administration costs	2,718,598	-	-	2,718,598	2,612,616
Service charges	-	-	2,556	2,556	2,883
Planned cyclical maintenance including major repairs	2,243,727	-	-	2,243,727	2,338,318
Reactive maintenance costs	1,163,455	-	-	1,163,455	1,077,637
Bad debts – rents and service charges	30,654	-	-	30,654	53,246
Depreciation of social housing	851,175	-	-	851,175	771,650
<b>Operating costs for social letting activities</b>	<b>7,007,609</b>	<b>-</b>	<b>2,556</b>	<b>7,010,165</b>	<b>6,856,350</b>
<b>Operating Surplus on letting activities, 2010</b>	<b>2,058,567</b>	<b>-</b>	<b>8,522</b>	<b>2,067,089</b>	<b>1,376,530</b>
<b>Operating Surplus on letting activities, 2009</b>	<b>1,365,907</b>	<b>-</b>	<b>10,623</b>	<b>1,376,530</b>	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

3b. Particulars of turnover, operating costs and operating surplus from social letting activities - Association

	General Needs Housing	Supported Housing	Shared Ownership	2010 Total	2009 Total
	£	£	£	£	£
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	8,977,861	-	8,522	8,986,383	8,265,225
Service charges	-	-	2,556	2,556	2,883
<b>Gross income from rents and service charges</b>	8,977,861	*	11,078	8,988,939	8,232,880
Less voids	(36,005)	-	-	(36,005)	(35,228)
<b>Net income from rents and service charges</b>	8,941,856	-	11,078	8,952,934	8,232,880
Grants from the Scottish Ministers	124,320	-	-	124,320	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	9,066,176	-	11,078	9,077,254	8,232,880
<b>Expenditure</b>					
Management and maintenance administration costs	2,800,124	-	-	2,800,124	2,661,405
Service charges	-	-	2,556	2,556	2,883
Planned cyclical maintenance including major repairs	2,243,727	-	-	2,243,727	2,338,318
Reactive maintenance costs	1,163,455	-	-	1,163,455	1,088,032
Bad debts – rents and service charges	30,656	-	-	30,656	53,246
Depreciation of social housing	851,175	-	-	851,175	771,650
<b>Operating costs for social letting activities</b>	7,089,137	-	2,556	7,091,693	6,915,534
<b>Operating Surplus on letting activities, 2010</b>	1,977,039	-	8,522	1,985,561	1,317,346
<b>Operating Surplus on letting activities, 2009</b>	1,306,723	-	10,623	1,317,346	



CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

4a. Particulars of turnover, operating costs and operating surplus from other activities - Group

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Operating costs - bad debts	Other operating costs	Operating surplus or (deficit)	
					2010	2009			2010	2009
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	2,107	-	-	2,107	4,215	-	2,357	(250)	(2,563)
Care and repair of property	-	-	-	230,131	230,131	377,869	-	277,648	(47,517)	(174,288)
Factoring	-	-	-	433,561	433,561	366,034	5,122	393,790	34,649	56,205
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	21,600	21,600	14,231	-	-	21,600	14,231
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	2,174,222	2,174,222	1,426,500	-	2,174,222	-	63,646
Other activities	-	-	-	135,762	135,762	200,670	-	203,854	(68,092)	200,670
Total from other activities, 2010	-	2,107	-	2,995,276	2,997,383	-	5,122	3,051,871	(59,610)	157,901
Total from other activities, 2008	-	382,084	-	2,007,435	2,389,519	2,389,519	6,231	2,225,387	157,901	

# Undertaken to support the community, other than the provision, construction, improvement and management of housing

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

4b. Particulars of turnover, operating costs and operating surplus from other activities - Association

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Operating costs - bad debts	Other operating costs	Operating surplus or (deficit)	
					2010	2009			2010	2009
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	2,107	-	-	2,107	4,215	-	2,357	(250)	(2,495)
Care and repair of property	-	-	-	230,131	230,131	377,869	-	277,648	(47,517)	(185,491)
Factoring	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	21,600	21,600	14,231	-	-	21,600	14,231
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	2,174,222	2,174,222	1,456,500	-	2,174,222	-	63,646
Other activities	-	-	-	294,526	294,526	282,295	-	213,503	81,023	282,295
<b>Total from other activities, 2010</b>	-	<b>2,107</b>	-	<b>2,720,479</b>	<b>2,722,586</b>	-	-	<b>2,667,730</b>	<b>54,856</b>	<b>172,186</b>
<b>Total from other activities, 2009</b>	-	<b>382,084</b>	-	<b>1,753,027</b>	-	<b>2,135,110</b>	-	<b>1,962,924</b>	<b>172,186</b>	-

# Undertaken to support the community, other than the provision, construction, improvement and management of housing

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Group		Association	
	2010	2009	2010	2009
<b>5. Interest receivable and other income</b>	£	£	£	£
Interest receivable on deposits	1,855	33,755	1,855	61,030
<b>6. Interest payable and similar charges</b>				
On private loans	(2,049,431)	(1,628,303)	(2,049,431)	(1,628,303)
The figure shown for interest is after capitalising £81,294 (2009 -£400,382 including £172,120 in respect of prior years).				
<b>7a. Designated Reserves - Group</b>	<b>Opening Balance</b>	<b>Transfer</b>	<b>Closing Balance</b>	
	£	£	£	
Major repairs reserve	2,676,524	711,763	3,388,287	
<b>7b. Designated Reserves - Association</b>	<b>Opening Balance</b>	<b>Transfer</b>	<b>Closing Balance</b>	
	£	£	£	
Major repairs reserve	2,676,524	711,763	3,388,287	
<b>8. Revenue Reserves</b>	Group		Association	
	2010	2009	2010	2009
	£	£	£	£
At 1 April 2009	(3,047,401)	(3,025,011)	(2,642,456)	(2,602,441)
Surplus for the year	182,080	602,052	215,018	584,428
	(2,865,321)	(2,422,959)	(2,427,438)	(2,018,013)
Transfer to designated reserves	(711,763)	(624,443)	(711,763)	(624,443)
At 31 March 2010	(3,577,084)	(3,047,402)	(3,139,201)	(2,642,456)

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**

**9a. Tangible Fixed Assets – Group**

	Housing Properties Held for Letting	Housing Properties In Course of Construction	Shared Ownership Held for Letting	Total
Cost	£	£	£	£
At start of year	102,102,470	14,407,815	497,549	117,007,834
Additions during year	3,409,570	8,238,049	-	11,647,619
Transfers	12,527,557	(12,178,638)	(40,711)	308,208
Disposals	(67,374)	(8,955)	-	(76,329)
At end of year	117,972,223	10,458,271	456,838	128,887,332
<b>Depreciation</b>				
At start of year	4,427,110	-	16,052	4,443,162
Transfers	-	-	-	-
Provided during year	847,201	-	3,974	851,175
Eliminated on disposal	(5,495)	-	-	(5,495)
	5,268,816	-	20,026	5,288,842
<b>Housing properties-cost less depreciation</b>	112,703,407	10,458,271	436,812	123,598,490
<b>HAG and Other Grants</b>				
At start of year	57,895,462	11,777,696	201,365	69,874,523
Received during year	1,628,320	5,694,404	-	7,322,724
Transfers	8,230,568	(8,395,085)	-	(164,517)
Eliminated on disposal	-	-	-	-
	67,754,350	9,077,015	201,365	77,032,730
<b>Net Book Value</b>				
At end of year	44,949,057	1,381,256	235,447	46,565,760
At start of year	39,779,899	2,630,119	280,132	42,690,149

Development administration costs capitalised amounted to £194,856 (2009 - £171,601) for which Housing Association Grants amounting to £216,885 (2009- £39,079) were received in the year.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**

9b. Tangible Fixed Assets - Association	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Held for Letting £	Total £
<b>Cost</b>				
At start of year	101,746,466	14,407,815	497,549	116,651,830
Additions during year	3,166,969	8,237,793	-	11,404,762
Transfers	12,527,557	(12,178,638)	(40,711)	308,208
Disposals	(67,374)	(8,957)	-	(76,331)
At end of year	117,373,618	10,458,013	456,838	128,288,469
<b>Depreciation</b>				
At start of year	4,391,554	-	16,052	4,407,606
Transfers	-	-	-	-
Provided during year	847,201	-	3,974	851,175
Eliminated on disposal	(5,495)	-	-	(5,495)
	5,233,260	-	20,026	5,253,286
<b>Housing properties-cost less depreciation</b>	112,140,358	10,458,013	436,812	123,035,183
<b>HAG and Other Grants</b>				
At start of year	57,895,462	11,777,696	201,365	69,874,523
Received during year	1,628,320	5,694,404	-	7,322,724
Transfers	8,230,568	(8,395,085)	-	(164,517)
Eliminated on disposal	-	-	-	-
	67,754,350	9,077,015	201,365	77,032,730
<b>Net Book Value</b>				
At end of year	44,386,008	1,380,998	235,447	46,002,453
At start of year	39,459,450	2,630,119	280,132	42,369,701

Development administration costs capitalised amounted to £ 194,856 (2009 - £171,601) for which Housing Association Grants amounting to £216,885 (2009- £39,079) were received in the year.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

10a Tangible Fixed Assets – Other assets - Group

	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Computer £	Total £
<b>Cost</b>							
At start of year	4,400,817	47,725	124,601	91,726	11,602	483,410	5,159,881
Additions during year	155,313	-	276	235,731	319	16,296	407,935
Disposals	-	(47,725)	(85,586)	(77,616)	-	(97,992)	(308,919)
	4,556,130	-	39,291	249,841	11,921	401,714	5,258,897
<b>Depreciation</b>							
At start of year	-	45,270	115,604	87,233	10,710	379,738	638,555
Provided during year	71,843	-	2,678	61,989	930	54,232	191,672
Disposals	-	(45,270)	(81,807)	(77,262)	-	(91,381)	(295,720)
	71,843	-	36,475	71,960	11,640	342,589	534,507
<b>Net Book Value</b>							
At end of year	4,484,287	-	2,816	177,881	282	59,124	4,724,390
At start of year	4,400,817	2,455	8,997	4,493	892	103,672	4,521,326

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**10b Tangible Fixed Assets – Other assets - Association**

	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Computer £	Total £
<b>Cost</b>							
At start of year	4,400,817	47,725	124,601	91,726	11,602	483,410	5,159,881
Additions during year	155,313	-	276	235,731	319	16,296	407,935
Disposals	-	(47,725)	(85,586)	(77,616)	-	(97,992)	(308,919)
	<b>4,556,130</b>	<b>-</b>	<b>39,291</b>	<b>249,841</b>	<b>11,921</b>	<b>401,714</b>	<b>5,258,897</b>
<b>Depreciation</b>							
At start of year	-	45,270	115,604	87,233	10,710	379,738	638,555
Provided during year	71,843	-	2,678	61,989	930	54,232	191,672
Disposals	-	(45,270)	(81,807)	(77,262)	-	(91,381)	(295,720)
	<b>71,843</b>	<b>-</b>	<b>36,475</b>	<b>71,960</b>	<b>11,640</b>	<b>342,589</b>	<b>534,507</b>
<b>Net Book Value</b>							
At end of year	4,484,287	-	2,816	177,881	282	59,124	4,724,390
At start of year	4,400,817	2,455	8,997	4,493	892	103,672	4,521,326

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

11a. Fixed Asset Investment - Homestake	Group		Association	
	2010	2009 Restated	2010	2009 Restated
	£	£	£	£
LIFT Loans made to owners	1,199,005	1,199,005	1,199,005	1,199,005
LIFT Grant	<u>(1,199,005)</u>	<u>(1,199,005)</u>	<u>(1,199,005)</u>	<u>(1,199,005)</u>
	-	-	-	-

These amounts represent the amount granted to the LIFT owner up to 1 April 2008 and the corresponding grant CVHA has received from the Council. CVHA is responsible for the administration of these grants. As from 1 April 2008 the Scottish Government has taken security over completed sales and CVHA no longer includes the grants and related loans to the owner on the balance sheet.

11b. Investments	Group		Association	
	2010	2009	2010	2009
	£	£	£	£
Investment in subsidiary undertaking	-	-	1	1

Clyde Valley Housing Association Ltd owns 1 ordinary £1 share in Clyde Valley Property Services Ltd. This represents a 100% shareholding in Clyde Valley Property Services Ltd, a company registered in Scotland, whose principal activity is that of provision of factoring property services to owners.

As at 31 March 2010, the capital and reserves of Clyde Valley Property Services were (£192,515), with a loss for the year of £32,938.

12. Stock	Group		Association	
	2010	2009	2010	2009
Cost of developing properties	4,257,929	3,132,356	3,696,719	3,132,356
Grants received to develop properties	<u>(3,489,434)</u>	<u>(1,703,941)</u>	<u>(3,489,434)</u>	<u>(1,703,941)</u>
	<u>768,495</u>	<u>1,428,415</u>	<u>207,285</u>	<u>1,428,415</u>

13. Debtors	Group		Association	
	2010	2009	2010	2008
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	701,939	539,163	700,163	538,678
Less: provision for bad debts	<u>(273,298)</u>	<u>(290,325)</u>	<u>(273,298)</u>	<u>(290,325)</u>
	<u>428,641</u>	<u>248,838</u>	<u>426,865</u>	<u>248,353</u>
Other debtors	753,713	148,364	2,289,945	863,994
Prepayments and accrued income	478,962	190,605	422,950	135,627
HAG receivable	<u>934,883</u>	<u>1,038,710</u>	<u>934,863</u>	<u>1,038,710</u>
	<u>2,596,199</u>	<u>1,626,517</u>	<u>4,074,623</u>	<u>2,286,684</u>



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

14. Creditors – amounts falling due within one year	Group		Association	
	2010 £	2009 £	2010 £	2009 £
Bank Loans & Overdrafts	1,071,869	531,700	1,071,869	531,700
Trade creditors	1,568,127	521,600	1,510,419	521,206
Other creditors	42,420	893,293	10,633	4,711
Accruals and deferred income	2,367,034	828,430	2,358,939	1,336,648
Rent in advance	262,272	6,669	262,272	319,155
	<u>5,311,722</u>	<u>2,781,692</u>	<u>5,214,132</u>	<u>2,713,420</u>

15. Creditors – amounts falling due after more than one year	Group		Association	
	2010 £	2009 £	2010 £	2009 £
Housing loans	51,359,560	46,992,659	51,359,560	46,992,659
Other Creditors	72,407	680,601	72,407	680,601
Retentions	948,920	261,486	948,920	261,486
	<u>52,380,887</u>	<u>47,934,746</u>	<u>52,380,887</u>	<u>47,934,746</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest of 2.0378% to 6.4497% (2009 – 4% to 6%) in instalments due as follows:

	Group		Association	
	2010 £	2009 £	2010 £	2009 £
Between one and two years	-	-	-	-
Between two and five years	-	2,000,000	-	2,000,000
In five years or more	51,359,560	44,992,659	51,359,560	44,992,659
	51,359,560	46,992,659	51,359,560	46,992,659
Less: Included in current liabilities	-	-	-	-
	<u>51,359,560</u>	<u>46,992,659</u>	<u>51,359,560</u>	<u>46,992,659</u>

16. Share Capital	Group		Association	
	2010 £	2009 £	2010 £	2009 £
Shares of £1 each issued and fully paid				
At beginning of year	156	132	156	132
Issued during year	17	25	17	25
Shares forfeited in year	-	(1)	-	(1)
At end of year	<u>173</u>	<u>156</u>	<u>173</u>	<u>156</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

	Group		Association	
17. Assured Tenancy Rents	2010 £	2009 £	2010 £	2009 £
Average assured tenancy rent for housing accommodation	<u>3,273</u>	<u>3254</u>	<u>3,273</u>	<u>3254</u>
Number of units	<u>2,730</u>	<u>2,684</u>	<u>2,730</u>	<u>2,684</u>
Percentage increase from previous year	<u>3.00%</u>	<u>4.90%</u>	<u>3.00%</u>	<u>4.90%</u>
18. Directors' Emoluments				
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>84,961</u>	<u>78,922</u>	<u>84,961</u>	<u>78,922</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions) were:	84,691	78,922	84,691	78,922
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Association's contributions for the Director in the year amounted to £13,084 (2009 - £12,119)

Emoluments paid to Directors excluding pensions can be analysed as :

	No	No
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	<u>-</u>	<u>-</u>

The Association is managed by a Voluntary Management Committee who act as Directors of the Association. No Emoluments have been paid to any member of the Management Committee during the year.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**19. Employee Information**

The average monthly number of persons employed during the year was:

	Group		Association	
	2010 No	2009 No	2010 No	2009 No
Office staff	53	52	53	52
Care & Repair	7	9	7	9
Wider Action	-	-	-	-
	<u>60</u>	<u>61</u>	<u>60</u>	<u>61</u>
	£	£	£	£
Staff costs (including directors' emoluments):	1,677,403	1,799,278	1,677,403	1,799,278
Social security costs	126,974	139,470	126,974	139,470
Pension costs (Note 24)	208,030	220,840	208,030	220,840
	<u>2,012,407</u>	<u>2,159,588</u>	<u>2,012,407</u>	<u>2,159,588</u>

**20. Operating Surplus**

Operating surplus is stated after charging:

Depreciation	1,042,846	771,650	1,042,846	771,650
External auditor's remuneration				
- In their capacity as auditors	12,374	11,439	10,374	7,309
- In respect of other services	3,739	3,061	3,739	3,061
Internal auditor's remuneration	9,437	9,437	9,360	8,246

**21. Taxation**

The Association was granted charitable status on the 20th of January 2006 by Her Majesty's Revenue and Customs. As a consequence the Association's activities from this date on are no longer subject to Corporation Tax.

22 Capital Commitments	Group		Association	
	2010 £	2009 £	2010 £	2009 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	21,089,195	4,154,000	21,089,195	4,154,000

Contracted Expenditure will be financed by £6,700,694 Housing Association Grants and £11,735,468 Private Finance, Uncontracted expenditure will be funded with £2,382,130 of Housing Association Grant and £1,516,451 Private Finance.

**23. Leasing Commitments**

At 31 March 2010, the company had no annual commitments under non-cancellable operating leases.

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

### 24. Pensions

#### PENSION OBLIGATIONS NOTE – SFHA SCHEME STANDARD EMPLOYERS

Clyde Valley Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three 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 so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £268 million. The valuation showed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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 buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the 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.

Clyde Valley Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Clyde Valley Housing Association Limited was £7,119,831.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**24. Pensions (cont.)**

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th 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 given time. An open benefit structure is one which new entrants are able to join.

Clyde Valley Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Clyde Valley Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%

As at the balance sheet date there were 48 active members of the Scheme employed by Clyde Valley Housing Association Limited. The annual pensionable payroll in respect of these members was £1,382,587.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

<b>2006 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
 <b>Rate of pension increases</b>	
- pension accrued pre 6 April 2005	2.6
-pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
Rate of price inflation	2.6

<b>Mortality Tables</b>	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

<b>Contribution Rates for Future Service</b>	<b>%</b>
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**25. Housing Stock**

The number of units of accommodation owned by the association was as follows:-

	Group Units under Management		Association Units under Management	
	2010	2009	2010	2009
Unimproved	1832	1823	1829	1823
New Build	900	861	900	861
Shared Ownership	6	7	6	7
	<u>2,738</u>	<u>2,691</u>	<u>2,735</u>	<u>2,691</u>

**26. Legislative Provisions**

The association is incorporated under the Industrial and Provident Societies Act 1965.

**27. Related Party Transactions**

Due to the nature of the Association's operations and the composition of the Committee of Management, which is partly drawn from the Association's tenants, it is inevitable that transactions take place with related parties as defined under Financial Reporting Standard No.8 (FRS8).

At the end of the financial year there were no significant arrears relating to property rented from the Association by members of the Committee of Management

Apart from the standard rent of property there were no other transactions between the Association and the various members of the Committee.

City Councilors who are members of the Management Committee declare their interests relating to relevant decisions taken by the Association or the City Council.

**28. Financial Instruments**

In order to manage interest rate risk the Association has entered into the following hedging instruments, which are in place as at 31<sup>st</sup> March 2010.

On 19<sup>th</sup> August 2003, an interest rate collar with Lloyds TSB Bank for £3.5 million with a cap rate of 6% and a floor rate of 3.94%. The maturity date is 15 July 2010.

On 19<sup>th</sup> August 2003, an extendible fixed rate arrangement with Barclays Bank for £4 million at a rate of 4.26 %. The arrangement commenced on 15 July 2006 for a 5-year term and is extendible for a further 15 years on 15 July 2011.

On 11<sup>th</sup> October 2007, a callable SWAP agreement with Barclays Bank for £5 million at a rate of 4.23 %. The arrangement commenced on 15 October 2007 for a 30-year term however has an optional termination date of 15 October 2008 and thereafter quarterly if not called at that date.

On 5<sup>th</sup> February 2008, a callable SWAP agreement with Bank of Scotland for £5 million at a rate of 4.42 %. The arrangement commenced on 15 April 2008 for a 20-year term however has an optional termination date of 15 April 2013.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

**28. Financial Instruments (cont.)**

On 2<sup>nd</sup> May 2008, a SWAP agreement with Barclays Bank for £12.5 million at a rate of 4.94 %. The arrangement commenced on 15 July 2008 for a 25-year term. This arrangement replaced an interest rate SWAP agreement with the Clydesdale Bank for £7.450m and an interest rate cap from Barclays Bank for £5 million, which matured on 15 July 2008.

On 13<sup>th</sup> May 2008, a callable SWAP agreement with Bank of Scotland for £6.2 million at a rate of 5.24 %. The arrangement commenced on 15 July 2008 for a 20-year term however has an optional termination date of 15 July 2018 and thereafter quarterly if not called at that date.