

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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 2011

	Page
Report of the Committee of Management	1 – 13
Statement of Management Committee’s Responsibilities	14
Committee of Management Statement on Internal Financial Control	15
Report of the Independent Auditors	16
Auditor’s Report on Corporate Governance Matters	17
Group Income and Expenditure Account	18
Association Income and Expenditure Account	19
Group Balance Sheet	20
Association Balance Sheet	21
Group Cash Flow Statement	22
Association Cash Flow Statement	23
Notes to the Group Cash Flow Statement	24 - 25
Notes to the Association Cash Flow Statement	26 - 27
Notes to the Financial Statements	28 - 52

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

31 MARCH 2011

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 2011 were as follows:

1. Bill Dickie, Chairperson
2. Campbell Boyd, Vice Chairperson
3. Colin Cumming
4. Councillor Thomas Lunny, nominated by North Lanarkshire Council
5. Councillor Alex McInnes, nominated by South Lanarkshire Council
6. Helen Layden
7. John McBride, Secretary
8. Graham Dobbie
9. Theresa Cameron, Vice Chairperson
10. Thomas Campbell
11. John Gormley
12. Jackie Bowie
13. John Dunlop

Total members at 31 March 2011 – 13

Tenant Members	6
General Members	5
Nominated Members	2

Board of Management Resignations – 2

Laura Hamilton
Robin Dunsmuir

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 2011

Bankers

Barclays Bank plc
Aurora
1st 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 Clyde Valley Housing Association Ltd (CVHA) during the year to 31 March 2011 was as follows:

Tom Barclay
Shirley MacDonald
Stewart MacKenzie
John Turnbull

Chief Executive
Finance Director
Operations Director
Investment Director

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

Membership of Committees

Operations Committee (5 Places plus 3 Office Bearers*)	1. Tom Campbell 2. Helen Layden 3. John Dunlop 4. John Gormley 5. Vacancy 6. Bill Dickie* 7. Campbell Boyd* 8. John McBride*
Finance Committee (5 Places plus 3 Office Bearers)	1. Colin Cumming 2. Helen Layden 3. Jackie Bowie 4. Tom Campbell 5. Vacancy 6. Bill Dickie* 7. Campbell Boyd* 8. John McBride*
Investment Committee (5 Places plus 3 Office Bearers)	1. Colin Cumming 2. Tom Campbell 3. Graham Dobbie 4. Helen Layden 5. John Dunlop 6. Bill Dickie* 7. Campbell Boyd* 8. John McBride*
Corporate Resources Committee (5 Places plus 3 Office Bearers)	1. Theresa Cameron 2. Tom Campbell 3. Helen Layden 4. John Dunlop 5. Vacancy 6. Bill Dickie* 7. Campbell Boyd* 8. John McBride*
Audit Committee (Chairs of Other Sub Committees)	1. Bill Dickie 2. Colin Cumming 3. Jackie Bowie 4. Helen Layden 5. Theresa Cameron

* Chair, Vice Chair and Secretary are standing committee members for all Committees.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011

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 2011	31 Mar 2010
Managed Property Numbers			
Tenanted Property		2,826	2,732
Shared Ownership Properties		6	6
Total		2,832	2,738

The principle activity of the subsidiary, Clyde Valley property Services Limited, during the year was the provision of factoring services, provision of consultancy services, mid market rentals and the development of properties for sale.

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 18. The Group made a surplus of £2,145,592 during the year 2010/11. One of the largest operating cost areas in the Group is our planned investment programme and reactive maintenance, and specifically, the direct costs which in 2010/11 accounted for about 44% of the total spend of the Association in relation to Social Letting activities. Spend consists 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 £ 813,416. This compares with £1,811,480 for similar expenditure in the previous year. This reduction in spend contributes to the surplus in year and is due to a full review of the Asset Management strategy and the carry forward of works to 2011/12. 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 targets activity 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 2011 (contd.)

Surplus for the year

The Group Income and Expenditure Account for the year is set out on page 18. The surplus for the year to 31 March 2011 is - £2,145,592 (2010: £182,080) The full balance was transferred to Revenue Reserves following the change to our policy on transfers to Designated Reserves.

Business Review

During 2010/11 the Group approved its new Corporate Plan for 2011-2016. This Plan outlined the Group's Vision, Values and Strategic Themes and how they cascade to a series of Ambitions.

Our Vision

Our vision represents the aspirations of the organisation.

Delivered Best Value	<i>Made optimum use of our resources, ensuring maximum efficiency.</i>
Met Housing Needs	<i>Met housing needs that improve quality of life.</i>
Created Opportunities For Growth	<i>Made investments through working with others to enhance core services and increase the Group's sustainability.</i>

Our Values

Our values are integral to the way in which we work. These values underpin everything that we do and the way we do it.

INNOVATION	We value the importance of progress, ambition and continuous improvement.
INTERGRITY	We value a supportive, open, honest and positive culture.
INCLUSION	We value diverse engagement and contributions in our delivery.

Our Strategic Themes

Our strategic themes are a reflection of the scale of our ambitions for the Group and our potential to achieve them.

1.	Sustainable services for customers and communities.
2.	Excellent services and opportunities for our people.
3.	Positive opportunities for growth and diversification.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011 (contd.)

Strategic Theme 1

Sustainable services for customers and communities.

Definition	<p>Sustainable services for customers and communities:</p> <ul style="list-style-type: none">• Engagement – finding ways of connecting effectively with our customers.• Development – building capacity with our customers and within our communities to influence and address local issues, tackling inequalities and building sustainable relationships.• Improvement – making the best use of our customers, partners, stakeholders and other services and facilities to achieve our objectives and address the issues facing communities, ultimately working in partnership to improve peoples' lives.• Transformation – enhancing our communities by making them safer, healthier, more inclusive, welcoming and enjoyable.
Our Ambition.	<p>By 2016 we will have.....</p> <ul style="list-style-type: none">1.1 Made a significant contribution to meeting housing need.1.2 Sustainable and thriving communities.1.3 Diverse/mixed communities.1.4 Satisfied and engaged customers.

Strategic Theme 2

Excellent services and opportunities for our people.

Definition	<p>Excellent services and opportunities for our people:</p> <ul style="list-style-type: none">• Investing in our people and their future within the Group.• Utilising our skills base to maximum impact.• Becoming an employer of choice.• Having a happy, healthy, equal and fair culture.
Our Ambition.	<p>By 2016 we will have.....</p> <ul style="list-style-type: none">2.1 Established a variety of employability strategies supported by our staff, Board and Partners.2.2 Established a system of learning and development that maximises the potential of all of our people.2.3 Become a recognised first class employer.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011 (contd.)

Strategic Theme 3

Positive opportunities for growth and diversification.

Definition	Positive opportunities for growth and diversification: <ul style="list-style-type: none"> • Securing the long term prosperity for the Group. • Utilising our core skills and competencies. • Having a robust financial and risk management framework. • Having a <i>can do</i>, accountable, efficient organisation in both practice and culture.
Our Ambition.	By 2016 we will have.... <ul style="list-style-type: none"> 3.1 Established clear business intelligence. 3.2 Delivered Strategic Partnerships. 3.3 Achieved growth sufficient to support our Group. 3.4 Increased number of houses in ownership or partnership. 3.5 A financially strong and diverse Group business model. 3.6 Operated at the highest standards of governance

Clyde Valley Property Service Limited

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

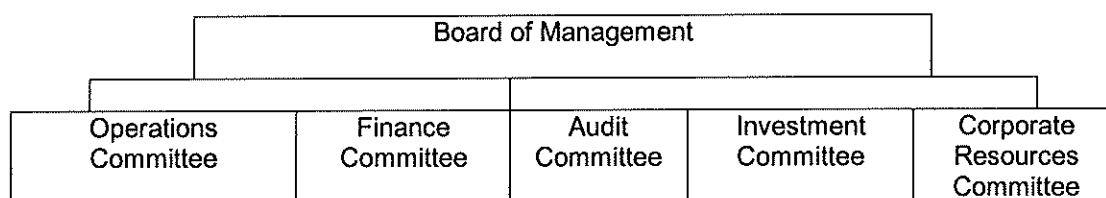
Clyde Valley Property Services aims to provide a range of housing, regeneration, asset management and other related services that meet the needs of customers and communities within the areas where we operate.

Operational Review

Corporate Governance

The governing body of CVHA is the Board of Management who are elected by the share members of the Association. 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 Board 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, demonstrating substantial assurance.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011 (contd.)

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 31st March 2011 relating to the main activities undertaken by CVHA.

Corporate Issues

Tenant Participation

Tenant involvement and participation is key to delivering CVHA's aims and objectives and this is set out within the Association's Tenant Participation Strategy. The Association works closely with the Tenant Participation Advisory Service (TPAS) to ensure that we engage effectively with tenants and tailor our approach to meet their needs and expectations. As well as supporting Registered Tenant Organisations (RTOs), during 2010 we established the Clyde Valley Residents Network (CVRN) and have also continued our successful work in forming short-life working groups. In addition CVHA undertakes Customer Satisfaction Surveys every three years, but in addition during 2010/11 we introduced an independent process for seeking continuous customer feedback. Feedback from customers has resulted in improved processes and procedures across the business.

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 Board of Management on a quarterly basis. CVHA holds Charter Mark accreditation, which measures key elements of performance in relation to Customer Service. In 2011 we have achieved Best Companies 2 Star Status Accreditation (Outstanding status); inclusion in the Sunday Times Best 100 Companies to Work For list, achieving 5th place in the top 100 Public and Charity Sectors list and more locally, CVHA won Employer of the Year 2010 in the Lanarkshire Business Awards and was finalist in the category for Excellence in People Development in 2011.

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, and continue to work with this data base 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 2010/11 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 2011 (contd.)

Services

We aim to deliver good quality and efficient services, and we strive to achieve continuous improvement in what we do.

We routinely seek independent 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. Since 2009/10 we have established Short Life Working Groups, which have considered a diverse aspects of our service delivery including Customer Care, Estate Management, New Build, Repairs and Maintenance, Rent Harmonisation, Repairs By Appointment and Investment Planning. All of these working groups have identified key outputs, which have resulted in key improvements to our processes and services.

Development Issues

During the year 59 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 minimising the period of time taken to let properties to ensure that we manage our income efficiently and maximise our effectiveness in housing people in need. In the last five years or so, we have reduced our void turnaround from 42 to 20 days and void rent loss from 1.39% to 0.40%.

Similarly CVHA continues to work on minimising rent arrears to ensure that we manage our income effectively. In the last five years or so, we have reduced current tenant arrears from 3.30% to 1.94% within the context of a challenging economic climate. A firm but fair approach is adopted to arrears recovery, including welfare benefits advice and legal action as a last resort. We also continue to review and optimise our rent collection methods with a view to offering customer choice, maximising income and minimising transactional costs.

In terms of preventing homelessness, CVHA has actively participated in the Scottish Government's Mortgage To Rent scheme since 2007. By 31 March 2011, the Association had assisted 94 potentially homeless households through acquiring their properties, with subsidy being provided by the Scottish Government.

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. We continue to support local Registered Tenant Organisations (RTOs) and in 2010 established the Clyde Valley Residents Network (CVRN). In addition during 2010/11, we developed Local Estate Action Plans (LEAPs) in five pilot areas – Bellsdyke, North Motherwell, Hillhouse, Lesmahagow and Douglas. A key objective of the LEAPs has been to work in partnership with communities and other agencies to identify local issues and agree tailored solutions

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011 (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 which includes all the costs of maintenance work required, is operated 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.

From 2011/12 onwards the association will be implementing component accounting.

In 2009/10, CVHA commissioned an independent stock condition survey and developed a comprehensive Asset Management Strategy, which rigorously reviewed our stock condition and investment assumptions and assisted in the 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 has ensured that this is an area of continuous review and development.

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. Implementation of the Associations IT Strategy has allowed operating costs to be reduced and processes to become more efficient.

The Association's IT Strategy is for the period 2008-12 and the main aims 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 2011 (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.
- (v) Governance: to establish a clear IT governance model for strategic planning and development, coordination, decision making, resource allocation and funding.
- (vi) 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.

The introduction of handheld technology for Housing Officers has assisted in reducing paperwork and provided a much more accessible service for customers in their homes. We have also vastly automated systems and processes within our Finance Team allowing electronic housing benefit, banking and reconciliation processes to be streamlined.

Our IT Strategy outlines a number of initiatives over the coming years, and this complements our Annual Efficiency Plan targets.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2011 (contd.)

Other Areas

Risk Management Strategy

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, as well as our Office Bearers Succession Plan.

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

Following tenant consultation, in April 2010 we fully implemented a Rent Harmonisation Strategy. This has resulted in a more streamlined approach to rent setting as well as a system that is fair, equitable and transparent, with like for like properties being charged the same rents.

In terms of rental strategy, CVHA has taken a measured approach of seeking to balance the needs of the business financially while maintaining rents that are affordable to our tenants in difficult economic times. The 2010/11 rent increase was 3.0%

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.

The 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 2011 (contd.)

Treasury Management

CVHA has an agreed loan facility of £80m with lenders Bank of Scotland and Barclays Bank, of which £18.5m was undrawn at 31st March 2011. 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 31st March 2011, 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 31st March 2011.

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 have been limited cash reserves generated to date, however the 2011 Business Plan predicts that the Association will move into surplus at a future time.

In previous years the Association provided for a designated reserve, which was earmarked for repairs spend in future years. Given that this was largely an accounting adjustment as cash funds were not set aside for this the policy was changed in 2010/11 and there is no longer a specific reserve held for this purpose. Given that the Association is moving towards Component Accounting in 2012 and the majority of large major repairs will be capitalised, the designated reserve would be less appropriate in any case.

The total reserves position as at 31st March 2011 is a surplus of £2,194,881, including a revaluation reserve arising in respect of Investment Properties in the subsidiary included at valuation.

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 2011 (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 for 2011 was awarded 2 Star Status, placing 5th on the Sunday Times Best Companies to Work For List, as well as winning Employer of the Year at the Lanarkshire Business Awards 2009 and finalist for Excellence in People Development for 2011.

Employee Engagement

The Association encourages staff involvement in all initiatives and holds a Board/staff conference each year. All staff were involved in the compilation of our new Corporate Plan and associated Service Activity Plans. As part of this process all staff developed their own Individual Activity Plans, linking back to the main Corporate Plan and these are reviewed and discussed with staff and their Managers at monthly 1-1's. During 2009 we introduced our intranet which is updated daily by all functions, both for business and personal updates. This is further complemented by our bi-monthly Breakfast Briefings which allow teams to provide updates to their colleagues. 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 came into effect from 1st April 2010 and during 2010/11 was followed up by a Second Stage operational review, whereby all staff members were involved in the consultation process. This is currently being implemented.

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 quarterly 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. Interactive training was provided for all staff and board members during the year.

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 2011 (contd.)

Home Ownership

CVHA sold 7 properties under right to buy in the year to 31st March 2011, thereby allowing some tenants to achieve their aspiration of becoming home owners. The number of Right To Buy (RTB) sales has declined in recent years. It is assumed largely due to the current economic environment and credit crunch, and a series of changes to RTB legislation.

Future Developments

The Association has a track record of development with over £126m of development spend since it was formed and the provision of some 1,358 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 94 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: 18 Aug. 2011.....

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

31 MARCH 2011

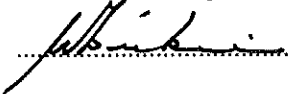
Statute requires the Management Committee to prepare financial statements for each financial year, which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Management Committee are required to fulfil the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

- select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the RSL SORP
- 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: 18 Aug. 2011

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2011

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:-

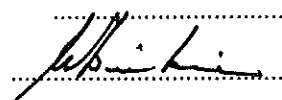
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

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 mis-statement 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 2011. 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: 18 Aug 2011

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

We have audited the group and parent financial statements of Clyde Valley Housing Association (the "financial statements") on pages 18 to 52. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report and for the opinion we have formed.

Respective responsibilities of the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 14, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the association's affairs as at 31 March 2011 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Schedule 7 to the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

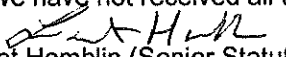
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Committee's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Committee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Janet Hamblin (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

26 August 2011

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

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

Date: *26 August 2011*

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2a	12,261,676	12,074,637
Less: Operating costs	2a	<u>(8,336,102)</u>	<u>(10,067,158)</u>
Operating surplus	2a	3,925,574	2,007,479
Gain on disposal of fixed assets		166,006	222,177
Interest receivable and other income	5	5,814	1,855
Interest payable and similar charges	6	<u>(1,946,990)</u>	<u>(2,049,431)</u>
Surplus on ordinary activities before taxation		2,150,404	182,080
Tax on surplus on ordinary activities	21	4,812	-
Surplus for the year	8	<u>2,145,592</u>	<u>182,080</u>

The results for the year relate wholly to continuing activities.

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.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2011

GROUP

	Notes	2011 £	2010 £
Surplus for the year	8	2,145,592	182,080
Unrealised surplus of revaluation of housing properties	7c	<u>238,086</u>	<u>-</u>
Total recognised surplus relating to the year		2,383,678	182,080

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2b	11,055,394	11,799,840
Less: Operating costs	2b	<u>(7,344,991)</u>	<u>(9,759,423)</u>
Operating surplus	2b	3,710,403	2,040,417
Gain on disposal of fixed assets		166,006	222,177
Interest receivable and other income	5	5,814	1,855
Interest payable and similar charges	6	<u>(1,946,990)</u>	<u>(2,049,431)</u>
Surplus on ordinary activities before taxation		1,935,233	215,018
Tax on surplus on ordinary activities	21	-	-
Surplus for the year	8	<u>1,935,233</u>	<u>215,018</u>

The results for the year relate wholly to continuing activities.

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.

STATEMENT OF TOTAL RECONISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2011

ASSOCIATION

	Notes	2011 £	2010 £
Surplus for the year	8	1,935,233	215,018
Unrealised surplus of revaluation of housing properties		<u>-</u>	<u>-</u>
Total recognised surplus relating to the year		<u>2,383,678</u>	<u>215,018</u>



CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011 £	2010 £
Tangible fixed assets			
Housing properties – cost less depreciation	9a	132,916,576	123,035,183
Less HAG and other grants	9a	<u>(82,957,783)</u>	<u>(77,032,730)</u>
		49,958,793	46,002,453
Investment Properties	9c	1,903,454	563,307
Other fixed assets	10a	<u>5,230,033</u>	<u>4,724,390</u>
		<u>57,092,280</u>	<u>51,290,150</u>
Investments			
LIFT Loan	11a	1,178,946	1,199,005
LIFT Grant	11a	<u>(1,178,946)</u>	<u>(1,199,005)</u>
Shared Equity	11a	<u>104,250</u>	<u>-</u>
		<u>104,250</u>	<u>-</u>
Current assets			
Stock	12	2,292,972	768,495
Debtors	13	3,891,387	2,596,199
Cash at bank and in hand		<u>4,750,429</u>	<u>2,849,140</u>
		10,934,788	6,213,834
Creditors: amounts falling due within one year	14	<u>(6,430,957)</u>	<u>(5,311,722)</u>
Net current assets		<u>4,503,831</u>	<u>902,112</u>
Total assets less current liabilities		<u>61,700,361</u>	<u>52,192,262</u>
Creditors: amounts falling due after more than one year	15	<u>(59,505,296)</u>	<u>(52,380,887)</u>
Net assets/(liabilities)		<u>2,195,065</u>	<u>(188,625)</u>
Capital and reserves			
Share capital	16	184	173
Designated reserves	7a	-	3,388,287
Revaluation reserves	7c	238,086	-
Revenue reserve	8	<u>1,956,795</u>	<u>(3,577,085)</u>
		<u>2,195,065</u>	<u>(188,625)</u>

The financial statements on pages 18 to 54 were authorised for issue by the Committee of Management on and were signed on its behalf by:

Chairperson: 
 Secretary:  18-8-11
 Committee member:

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

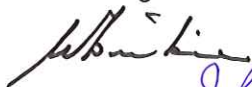
ASSOCIATION BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011 £	2010 £
Tangible fixed assets			
Housing properties – cost less depreciation	9b	132,916,576	123,035,183
Less HAG and other grants	9b	<u>(82,957,783)</u>	<u>(77,032,730)</u>
		49,958,793	46,002,453
Other fixed assets	10b	<u>5,230,033</u>	<u>4,724,390</u>
		<u>55,188,826</u>	<u>50,726,843</u>
Investments			
LIFT Loan	11a	1,178,946	1,199,005
LIFT Grant	11a	<u>(1,178,946)</u>	<u>(1,199,005)</u>
Shared Equity Investment		<u>-</u>	<u>-</u>
		-	-
Investment In Subsidiary	11b	<u>1</u>	<u>1</u>
Current assets			
Stock	12	1,659,741	207,285
Debtors	13	6,551,900	4,074,623
Cash at bank and in hand		<u>4,578,104</u>	<u>2,835,530</u>
		<u>12,789,745</u>	<u>7,117,438</u>
Creditors: amounts falling due within one year	14	<u>(6,288,773)</u>	<u>(5,214,132)</u>
Net current assets		<u>6,500,972</u>	<u>1,903,306</u>
Total assets less current liabilities		<u>61,689,799</u>	<u>52,630,150</u>
Creditors: amounts falling due after more than one year	15	<u>(59,505,296)</u>	<u>(52,380,888)</u>
Net assets		<u>2,184,503</u>	<u>249,262</u>
Capital and reserves			
Share capital	16	184	173
Designated reserves	7b	-	3,388,287
Revenue reserve	8	<u>2,184,319</u>	<u>(3,139,198)</u>
		<u>2,184,503</u>	<u>249,262</u>

The financial statements on pages 18 to 54 were authorised for issue by the Committee of Management on 16. August 2011 and were signed on its behalf by:

Chairperson:



Secretary:

John McBride 18-8-11

Committee member:

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011	2010
		£	£
Net cash-flow from operating activities	1	2,769,821	4,205,149
Returns on investments and servicing of finance	2	(1,941,175)	(2,047,576)
Taxation	2	-	-
Investing activities	2	<u>(8,007,458)</u>	<u>(4,320,435)</u>
Net cash (outflow) from operating activities		(7,178,812)	(2,162,862)
Financing	2	<u>9,080,101</u>	<u>4,932,692</u>
Increase in cash	4	<u>1,901,289</u>	<u>2,769,830</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

ASSOCIATION CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Net cash-flow from operating activities	1	1,612,081	3,390,517
Returns on investments and servicing of finance	2	(1,941,176)	(2,047,576)
Taxation	2	-	-
Investing activities	2	<u>(7,008,432)</u>	<u>(3,516,366)</u>
Net cash (outflow) from operating activities		(7,337,527)	(2,173,425)
Financing	2	<u>9,080,101</u>	<u>4,932,692</u>
Increase in cash	4	<u>1,742,574</u>	<u>2,759,267</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

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

	2011 £	2010 £
Operating surplus	3,925,574	2,007,479
Depreciation	1,052,715	1,042,846
(Increase) in Stock	(72,021)	-
(Increase) in debtors	(1,295,188)	(897,629)
(Decrease)/increase in creditors	(841,259)	2,043,496
Aborted Development Costs	-	8,957
	<u>2,769,821</u>	<u>4,205,149</u>

2) Gross cash flows

Returns on investments and servicing of Finance

Interest received	5,814	1,855
Interest paid	<u>(1,946,989)</u>	<u>(2,049,431)</u>
	<u>(1,941,175)</u>	<u>(2,047,576)</u>

Investing activities

Purchase and development of housing properties	(12,070,322)	(11,593,346)
HAG/other grants received	10,579,502	10,230,339
Payment for Properties for Sale	(5,387,380)	(3,419,417)
Fixed Asset Investments	(104,250)	-
Payments for other tangible fixed assets	(698,767)	(479,988)
HAG repaid/abated	-	(268,319)
Payments for Commercial Properties	(894,776)	(242,859)
Proceeds on disposal of Other Fixed Assets	-	24,600
Proceeds on disposal of Homestake Properties	-	1,155,900
Proceeds on Sale of New Build Properties	341,006	-
Proceeds on disposal of housing properties	<u>227,529</u>	<u>272,655</u>
	<u>(8,007,458)</u>	<u>(4,320,435)</u>

Financing

Net Issue of ordinary share capital	11	17
Loan finance received	<u>9,080,090</u>	<u>4,932,675</u>
	<u>9,080,101</u>	<u>4,932,692</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

3) Analysis of Changes in Net Debt	At 1 April 2010	Cash Flow	Other Changes	At 31 March 2011
	£	£	£	£
Cash in hand, at bank	2,849,140	1,901,289	-	4,750,429
Debt due within 1 year	(1,025,773)	(2,346,740)	-	(3,372,513)
Debt due after 1 year	(51,431,261)	(6,661,650)	-	(58,092,911)
	<u>(49,607,894)</u>	<u>(7,107,101)</u>	-	<u>(56,714,995)</u>

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

	2011 £	2010 £
Increase for the year	1,901,289	2,769,830
Additional loans received	<u>(9,008,390)</u>	<u>(4,932,675)</u>
Change in net debt	(7,107,101)	(2,162,845)
Net debt at 1 April 2010	<u>(49,607,894)</u>	<u>(47,445,049)</u>
Net debt at 31 March 2011	<u>(56,714,995)</u>	<u>(49,607,894)</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE ASSOCIATION CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

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

	2011 £	2010 £
Operating surplus	3,710,403	2,040,417
Depreciation	1,052,715	1,042,846
Decrease in Stock	207,285	
(Increase) in debtors	(2,477,275)	(1,715,885)
(Decrease)/increase in creditors	(881,047)	2,014,179
Prior Year Aborted Development Expenditure	-	8,960
	<u>1,612,081</u>	<u>3,390,517</u>

2) Gross cash flows

Returns on investments and servicing of Finance

Interest received	5,814	1,855
Interest paid	(1,946,990)	(2,049,431)
	<u>(1,941,176)</u>	<u>(2,047,576)</u>

Investing activities

Purchase and development of housing properties	(12,070,322)	(11,593,346)
Purchase and Development of housing for sale	(5,387,380)	(2,858,207)
HAG/other grants received	10,579,502	10,230,339
Payments for other tangible fixed assets	(698,767)	(479,988)
HAG repaid/abated	-	(268,319)
Proceeds on disposal of other assets	-	24,600
Proceeds on disposal of Homestake properties	-	1,155,900
Proceeds on sale of New Build Properties	341,006	-
Proceeds on disposal of housing properties	227,529	272,655
	<u>(7,008,432)</u>	<u>(3,516,366)</u>

Financing

Net Issue of ordinary share capital	11	17
Loan finance received	9,080,090	4,932,675
	<u>9,080,101</u>	<u>4,932,692</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE ASSOCIATION CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

3) Analysis of Changes in Net Debt	At 1 April 2010	Cash Flow	Other Changes	At 31 March 2011
	£	£	£	£
Cash in hand, at bank	2,835,530	1,742,574	-	4,578,104
Debt due within 1 year	(1,025,773)	(2,346,740)	-	(3,372,513)
Debt due after 1 year	(51,431,261)	(6,661,650)	-	(58,092,911)
	<u>(49,621,504)</u>	<u>(7,265,816)</u>	-	<u>(56,887,320)</u>

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

	2011 £	2010 £
Increase for the year	1,742,574	2,759,267
Additional loans received	<u>(9,008,390)</u>	<u>(4,932,675)</u>
Change in net debt	(7,265,816)	(2,173,408)
Net debt at 1 April 2010	<u>(49,621,504)</u>	<u>(47,448,096)</u>
Net debt at 31 March 2011	<u>(56,887,320)</u>	<u>(49,621,504)</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Group and Association are set out in paragraphs (b) to (q) 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 and the Statement of recommended Practice "Accounting by Registered Social Landlords" 2008, and in accordance with applicable accounting standards.

Clyde Valley Housing Association Consolidates the accounts using the Acquisition accounting method.

(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. The CVPS turnover represents the sale of Residential Properties, rent from commercial rentals and consultancy income.

(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 2011

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 reducing balance 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
Fixtures and Fittings	- 25% per annum
Leasehold Improvements	- 3.33% per annum

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

Investment Properties and lockups are not depreciated and the Board believe cost to be approximate to valuation at the year end based on a desk top valuation..

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1. Accounting policies (continued)

(g) Designated Reserves (Note 7)

Major Repairs

As of financial year 31 March 2011 no transfers are made to Designated Reserves and the reserve balance was released to reflect the position regarding cash backed reserves and to prepare for expected changes under component accounting.

(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 Scottish Housing Associations' 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 2011

1. Accounting policies (continued)

(m) Taxation

CVHA is a registered charity and therefore is not liable to tax on its charitable activities. CVPS is a commercial subsidiary and is liable to Corporation Tax and donates its profits to the charity through the gift aid scheme once all other liabilities due to the Parent are settled.

(n) Value added tax

The Group and Association is VAT registered and have 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/Work in progress

Stock of LIFT units is stated at cost, less grants, other stock in relation to work in progress for residential commercial properties are stated at Cost.

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 purchase therefore takes an equity stake in a property, with the Association holding the remaining equity stake in that property.

Work in progress comprises buildings under development and is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

(p) Investments

Investments in shares are stated at market value. Fixed Asset investments comprise a 25% share in a property, the remaining 75% share has been sold as a Shared Equity property to encourage home ownership.

(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 2011

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

	2011		2010	
	Turnover	Operating Costs	Turnover	Operating Costs
	£	£	£	£
Income and Expenditure				
From lettings				
Social Lettings	9,424,499	(5,706,304)	9,077,254	(7,010,165)
Other activities	2,837,177	(2,629,798)	2,997,383	(3,056,993)
	<u>12,261,676</u>	<u>(8,336,102)</u>	<u>12,074,637</u>	<u>(10,067,158)</u>
		3,925,574		2,067,089
				(59,610)
				<u>2,007,479</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	2011		2010	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
Income and Expenditure From lettings				
Social Lettings	9,424,499	(5,768,479)	9,077,254	(7,091,693)
Other activities	1,630,895	(1,576,512)	2,722,586	(2,667,730)
	<u>11,055,394</u>	<u>(7,344,991)</u>	<u>11,799,840</u>	<u>(9,759,423)</u>
		3,710,403		2,040,417
				1,985,561
				54,856

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2011 Total £	2010 Total £
Income from rent and service charges					
Rent receivable net of service charges	9,453,769	-	11,458	9,465,227	8,986,383
Service charges	1,785	-	964	2,749	2,556
Gross income from rents and service charges	9,455,554	-	12,422	9,467,976	8,988,939
Less voids	(43,477)	-	-	(43,477)	(36,005)
Net income from rents and service charges	9,412,077	-	12,422	9,424,499	8,952,934
Grants from the Scottish Ministers	-	-	-	-	124,320
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	9,412,077	-	12,422	9,424,499	9,077,254
Expenditure					
Management and maintenance administration costs	2,312,114	-	-	2,312,114	2,718,598
Service charges	-	-	964	964	2,556
Planned cyclical maintenance including major repairs	1,421,315	-	-	1,421,315	2,243,727
Reactive maintenance costs	1,094,537	-	-	1,094,537	1,163,455
Bad debts - rents and service charges	18,626	-	-	18,626	30,654
Depreciation of social housing	858,748	-	-	858,748	851,175
Operating costs for social letting activities	5,705,340	-	964	5,706,304	7,010,165
Operating Surplus on letting activities, 2011	3,706,737	-	11,458	3,718,195	2,067,089
Operating Surplus on letting activities, 2010	2,058,567	-	8,522	2,067,089	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2011 Total £	2010 Total £
Income from rent and service charges					
Rent receivable net of service charges	9,453,769	-	11,458	9,465,227	8,986,383
Service charges	1,785	-	964	2,749	2,556
Gross income from rents and service charges	9,455,554	-	12,422	9,467,976	8,988,939
Less voids	(43,477)	-	-	(43,477)	(36,005)
Net income from rents and service charges	9,412,077	-	-	9,424,499	8,952,934
Grants from the Scottish Ministers	-	-	-	-	124,320
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	9,412,077	-	12,422	9,424,499	9,077,254
Expenditure					
Management and maintenance administration costs	2,374,289	-	-	2,374,289	2,800,124
Service charges	-	-	964	964	2,556
Planned cyclical maintenance including major repairs	1,421,315	-	-	1,421,315	2,243,727
Reactive maintenance costs	1,094,537	-	-	1,094,537	1,163,455
Bad debts – rents and service charges	18,626	-	-	18,626	30,656
Depreciation of social housing	858,748	-	-	858,748	851,175
Operating costs for social letting activities	5,767,515	-	964	5,768,479	7,091,693
Operating Surplus on letting activities, 2011	3,644,562	-	11,458	3,656,020	1,985,561
Operating Surplus on letting activities, 2010	1,977,039	-	8,522	1,985,561	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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)	
					2011	2010			2011	2010
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	2,107	-	-	-	-	(250)
Care and repair of property	-	-	-	272,039	230,131	-	270,562	1,477	(47,517)	
Factoring	-	-	-	534,052	433,561	4,248	359,259	170,545	34,649	
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	35,100	-	-	-	35,100	-	-
Other agency / management services	-	-	-	-	21,600	-	-	-	-	21,600
Developments for sale to RSLs	-	-	-	823,901	-	-	823,901	-	-	-
Development and improvements for sale to non RSLs	-	-	-	1,020,084	2,174,222	-	904,085	115,999	-	-
Wellwynd Community Hub	-	-	-	43,345	-	-	80,713	(37,368)	-	-
Other activities	-	3,000	-	105,656	135,762	-	187,030	(78,374)	-	(68,092)
Total from other activities, 2011	-	3,000	-	2,834,177	2,997,383	4,248	2,625,550	207,379	-	(59,610)
Total from other activities, 2010	-	2,107	-	2,995,276	-	2,997,383	5,122	3,051,871	-	(59,610)
#	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)	
	£	#				£	£			£	£
Charitable activities #	-	-	-	-	-	-	2,107	-	-	-	(250)
Construction and repair of property	-	-	-	-	272,039	272,039	230,131	-	270,402	1,637	(47,517)
Development and construction of property	-	-	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	200,000	200,000	-	207,285	(7,285)	-	-
Other activities	-	-	-	-	-	-	-	-	-	-	-
Policy/management	-	-	-	-	-	-	-	-	-	-	-
Services for RSLs	-	-	-	-	-	-	-	-	-	-	-
Charitable agency / management services	-	-	-	-	35,100	35,100	21,600	-	-	35,100	21,600
Developments for sale	-	-	-	-	823,901	823,901	-	823,901	-	-	-
Developments for sale	-	-	-	-	-	-	-	-	-	-	-
Other RSLs	-	-	-	-	32,246	32,246	2,174,222	-	32,246	-	-
Wynd Community	-	-	-	-	43,345	43,345	-	80,713	(37,368)	-	-
Other activities	-	-	3,000	-	221,264	224,264	294,526	161,965	62,299	81,023	-
Other activities, 2011	-	-	3,000	-	1,627,895	1,630,895	2,722,586	1,576,512	54,383	54,856	-
Other activities, 2010	-	-	2,107	-	2,702,479	2,722,586	2,722,586	2,667,730	54,856	54,856	-

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 2011

	Group		Association	
	2011	2010	2011	2010
5. Interest receivable and other income				
	£	£	£	£
Interest receivable on deposits	5,814	1,855	5,814	1,855
6. Interest payable and similar charges				
On private loans	(1,946,990)	(2,049,431)	(1,946,990)	(2,049,431)

The figure shown for interest is after capitalising £27,007 for 31st March 2011 (£81,294 31st March 2010.)

7a. Designated Reserves - Group	Opening Balance	Transfer	Closing Balance
	£	£	£
Major repairs reserve (see below)	3,388,287	(3,388,287)	-

7b. Designated Reserves - Association	Opening Balance	Transfer	Closing Balance
	£	£	£
Major repairs reserve	3,388,287	(3,388,287)	-

In previous years a provision was set aside for future repairs spend, however as this was largely an accounting adjustment as cash funds were not set aside. This policy was changed this year and there is no longer to be a designated reserve for major repairs.

7c. Restricted Reserves - Group	Opening Balance	Transfer	Closing Balance
	£	£	£
Revaluation Reserve (Note 9c)	-	238,086	238,086

8. Revenue Reserves	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
At 1 April 2010	(3,577,084)	(3,047,401)	(3,139,201)	(2,642,456)
Surplus for the year	2,145,592	182,080	1,935,233	215,018
	(1,431,492)	(2,865,321)	(1,203,968)	(2,427,438)
Transfer from/(to) designated reserv	3,388,287	(711,763)	3,388,287	(711,763)
At 31 March 2011	1,956,795	(3,577,084)	2,184,319	(3,139,201)

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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	117,373,618	10,458,013	456,838	128,288,469
Additions during year	2,744,552	11,464,968	-	14,209,520
Transfers (Note 10a)	1,327,972	(4,735,828)	-	(3,407,856)
Disposals	(65,975)	-	-	(65,975)
At end of year	121,380,167	17,187,153	456,838	139,024,158
Depreciation				
At start of year	5,233,260	-	20,026	5,253,286
Provided during year	854,857	-	3,891	858,748
Eliminated on disposal	(4,452)	-	-	(4,452)
	6,083,665	-	23,917	6,107,582
Housing properties-cost less depreciation	115,296,502	17,187,153	432,921	132,916,576
HAG and Other Grants				
At start of year	67,754,350	9,077,015	201,365	77,032,730
Received during year	1,497,135	6,432,734	-	7,929,869
Transfers (Note 10a)	1,290,899	(3,295,715)	-	(2,004,816)
Eliminated on disposal	-	-	-	-
	70,542,384	12,214,034	201,365	82,957,783
Net Book Value				
At end of year	44,754,118	4,973,119	231,556	49,958,793
At start of year	44,386,008	1,380,998	235,447	46,002,453

Development administration costs capitalised amounted to £231,583 (2010 - £194,856) for which Housing Association Grants amounting to £186,681 (2010- £216,885) were received in the year.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

9b. Tangible Fixed Assets - Association	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Held for Letting £	Total £
Cost				
At start of year	117,373,618	10,458,013	456,838	128,288,469
Additions during year	2,744,552	11,464,968	-	14,209,520
Transfers (Note 10b)	1,327,972	(4,735,828)	-	(3,407,856)
Disposals	(65,975)	-	-	(65,975)
At end of year	<u>121,380,167</u>	<u>17,187,153</u>	<u>456,838</u>	<u>139,024,158</u>
Depreciation				
At start of year	5,233,260	-	20,026	5,253,286
Provided during year	854,857	-	3,891	858,748
Eliminated on disposal	(4,452)	-	-	(4,452)
	<u>6,083,665</u>	<u>-</u>	<u>23,917</u>	<u>6,107,582</u>
Housing properties-cost less depreciation	<u>115,296,502</u>	<u>17,187,153</u>	<u>432,921</u>	<u>132,916,576</u>
HAG and Other Grants				
At start of year	67,754,350	9,077,015	201,365	77,032,730
Received during year	1,497,135	6,432,734	-	7,929,869
Transfers (Note 10b)	1,290,899	(3,295,715)	-	(2,004,816)
Eliminated on disposal	-	-	-	-
	<u>70,542,384</u>	<u>12,214,034</u>	<u>201,365</u>	<u>82,957,783</u>
Net Book Value				
At end of year	<u>44,754,118</u>	<u>4,973,119</u>	<u>231,556</u>	<u>49,958,793</u>
At start of year	<u>44,386,008</u>	<u>1,380,998</u>	<u>235,447</u>	<u>46,002,453</u>

Development administration costs capitalised amounted to £231,583 (2010 - £194,856) for which Housing Association Grants amounting to £186,681 (2010- £216,885) were received in the year.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

9c. Investment Properties - Group

	Lock-ups	Commercial Units	CV-Lets Brand	Total
Cost/Valuation	£	£	£	£
At start of year	78,074	277,929	242,859	598,862
Additions during year	-	-	894,776	894,776
Transfers in the Year	111,926	207,285	-	207,285
Revaluation	-	90,605	-	202,531
Disposals	-	-	-	-
At end of year	190,000	575,819	1,137,635	1,903,454
Depreciation				
At start of year	10,620	24,935	-	35,555
Provided during year	(10,620)	(24,935)	-	(35,555)
Eliminated on disposal	-	-	-	-
	-	-	-	-
Net Book Value				
At end of year	190,000	575,819	1,137,635	1,903,454
At start of year	67,454	252,994	242,859	563,307

Properties were sold from Clyde Valley Housing Association Limited to Clyde Valley Property Services Ltd at valuation at the date of transfer.
 No impairment in this valuation has been identified based on an annual desk top valuation.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

10a Tangible Fixed Assets – Other assets - Group

	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
Cost								
At start of year	4,556,130	-	39,291	249,841	11,921	-	401,714	5,258,897
Additions during year	7,189	214,954	-	3,006	-	32,554	4,159	261,862
Transfers during the year (Note 9a)	-	3,383,411	-	10,039	-	9,174	5,232	3,407,856
Disposals	-	-	-	-	-	-	-	-
	4,563,319	3,598,365	39,291	262,886	11,921	41,728	411,105	8,928,615

Grants

At Start of year	-	-	-	-	-	-	-	-
Transfers (Note 9a)	-	928,610	-	829	-	32,554	3,299	965,292
Additions during year	-	1,980,371	-	10,039	-	9,174	5,232	2,004,816
Disposals	-	-	-	-	-	-	-	-
	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108

Depreciation

At start of year	71,843	-	36,475	71,960	11,640	-	342,589	534,507
Provided during year	70,546	22,979	2,678	60,527	101	-	37,136	193,966
Disposals	-	-	-	-	-	-	-	-
	142,389	22,979	39,153	132,487	11,741	-	379,725	728,474

Net Book Value

At end of year	4,420,930	666,405	138	119,531	180	-	22,849	5,230,033
At start of year	4,484,287	-	2,816	177,881	282	-	59,124	4,724,390

The leasehold improvement is a Community Hub which is managed by the Association, improvements to which have been grant funded by North Lanarkshire Council, ERDF funding and Private finance through the Association.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

10b Tangible Fixed Assets – Other assets - Association

Cost	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
At start of year	4,556,130	-	39,291	249,841	11,921	-	401,714	5,258,897
Additions	7,189	214,954	-	3,006	-	32,554	4,159	261,862
Transfers (Note 10a)	-	3,383,411	-	10,039	-	9,174	5,232	3,407,856
Disposals	-	-	-	-	-	-	-	-
	4,563,319	3,598,365	39,291	262,886	11,921	41,728	411,105	8,928,615
Grants								
At Start of year	-	-	-	-	-	-	-	-
Additions	-	928,610	-	829	-	32,554	3,299	965,292
Transfers (Note 10a)	-	1,980,371	-	10,039	-	9,174	5,232	2,004,816
Disposals	-	-	-	-	-	-	-	-
	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108
Depreciation								
At start of year	71,843	-	36,475	71,960	11,640	-	342,589	534,507
Provided during year	70,546	22,979	2,678	60,527	101	-	37,136	193,966
Disposals	-	-	-	-	-	-	-	-
	142,389	22,979	39,153	132,487	11,741	-	379,725	728,474
Net Book Value								
At end of year	4,420,930	666,405	138	119,531	180	-	22,849	5,230,033
At start of year	4,484,287	-	2,816	177,881	282	-	59,124	4,724,390

The leasehold improvements is a community hub which managed by the Association, improvements to which have been grant funded by North Lanarkshire Council, ERDF funding and Private finance through the Association.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

11a. Fixed Asset Investment - Homestake	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
LIFT Loans made to owners	1,178,946	1,199,005	1,178,976	1,199,005
LIFT Grant	(1,178,946)	(1,199,005)	(1,178,946)	(1,199,005)
Shared Equity Investment	104,205	-	-	-
	<u>104,250</u>	<u>-</u>	<u>-</u>	<u>-</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. The Shared Equity Investment relates to 1 property through our Carmyl Development where we retained a 25% share.

11b. Investments	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
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 2011, the capital and reserves of Clyde Valley Property Services were (£15,372), with a taxable profit for the year of £207,886

12. Stock	Group		Association	
	2011	2010	2011	2010
Cost of developing properties	8,704,215	4,257,929	8,070,984	3,696,719
Grants received to develop properties	(6,411,243)	(3,489,434)	(6,411,243)	(3,489,434)
	<u>2,292,972</u>	<u>768,495</u>	<u>1,659,741</u>	<u>207,285</u>

13. Debtors	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	725,546	701,939	723,168	700,163
Less: provision for bad debts	(221,517)	(273,298)	(221,517)	(273,298)
	<u>504,029</u>	<u>428,641</u>	<u>501,651</u>	<u>426,865</u>
Intercompany Debtors	-	-	2,957,960	1,683,596
Other debtors	1,161,210	753,713	876,245	606,349
Prepayments and accrued income	967,555	478,962	957,451	422,950
HAG receivable	1,258,593	934,883	1,258,593	934,863
	<u>3,891,387</u>	<u>2,596,199</u>	<u>6,551,900</u>	<u>4,074,623</u>

Prepayments includes a swap buy out (£152,500) the cost of which will be charged to Income and Expenditure account over 16 years. Included within intercompany debtors is an outstanding loan to Clyde Valley Property Services Ltd which totalled £2,532,487 (2010: £1,302,761) This has formally been secured against the assets of Clyde Valley Property Services Ltd and repayments totalling £496,161 were made during the year. The working capital debtor has been repaid post year-end. The loan accrued interest between 0.84% and 4.02%, for which £31,130 (2010: £38,352) was charged in the year.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

14. Creditors – amounts falling due within one year	Group		Association	
	2011 £	2010 £	2011 £	2010 £
Bank Loans & Overdrafts (Note 15)	3,372,513	1,071,869	3,372,513	1,071,869
Trade creditors	820,721	1,568,127	818,643	1,510,419
Other Tax and Social Security	26,206	-	6,676	-
Other creditors	151,844	42,420	46,944	10,633
Accruals and deferred income	1,777,307	2,367,034	1,761,631	2,358,939
Rent in advance	282,366	262,272	282,366	262,272
	<u>6,430,957</u>	<u>5,311,722</u>	<u>6,288,773</u>	<u>5,214,132</u>

15. Creditors – amounts falling due after more than one year	Group		Association	
	2011 £	2010 £	2011 £	2010 £
Housing loans	58,092,910	51,359,560	58,092,910	51,359,560
Other Creditors	961,391	72,407	961,391	72,407
Retentions	450,995	948,920	450,995	948,920
	<u>59,505,296</u>	<u>52,380,887</u>	<u>59,505,296</u>	<u>52,380,887</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest of 0.9713% to 5.24% (2010 – 2.0378% to 6.4497%) in instalments due as follows:

	Group		Association	
	2011 £	2010 £	2011 £	2010 £
Less than one year	3,372,513	1,025,773	3,372,513	1,025,773
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	58,092,910	51,359,560	58,092,910	51,359,560
	61,465,423	52,385,333	61,465,423	51,359,560
Less: Included in current liabilities	<u>(3,372,513)</u>	<u>(1,025,773)</u>	<u>(3,372,513)</u>	<u>(1,025,773)</u>
	<u>58,092,910</u>	<u>51,359,560</u>	<u>58,092,910</u>	<u>51,359,560</u>

16. Share Capital	Group		Association	
	2011 £	2010 £	2011 £	2010 £
Shares of £1 each issued and fully paid				
At beginning of year	173	156	173	156
Issued during year	11	17	11	17
Shares forfeited in year	-	-	-	-
At end of year	<u>184</u>	<u>173</u>	<u>184</u>	<u>173</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 2011

17. Assured Tenancy Rents	Group		Association	
	2011 £	2010 £	2011 £	2010 £
Average assured tenancy rent for housing accommodation	<u>3392</u>	<u>3273</u>	<u>3392</u>	<u>3,273</u>
Number of units	<u>2832</u>	<u>2,738</u>	<u>2818</u>	<u>2,735</u>
Percentage increase from previous year	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
 18. Directors' Emoluments				
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>87,645</u>	<u>84,961</u>	<u>87,645</u>	<u>84,961</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions) were:	87,645	84,691	87,645	84,691
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 £13,378 (2010 - £13,084)

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 2011

19. Employee Information

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

	Group		Association	
	2011 No	2010 No	2011 No	2010 No
Office staff	47	49	47	49
Care & Repair	7	7	7	7
Wider Action	-	-	-	-
	<u>54</u>	<u>56</u>	<u>54</u>	<u>56</u>
	£	£	£	£
Staff costs (including directors' emoluments):	1,769,213	1,677,403	1,769,213	1,677,403
Social security costs	136,170	126,974	136,170	126,974
Pension costs (Note 24)	225,412	208,030	225,412	208,030
	<u>2,130,795</u>	<u>2,012,407</u>	<u>2,130,795</u>	<u>2,012,407</u>

20. Operating Surplus

Operating surplus is stated after charging:

Depreciation	1,052,715	1,042,846	1,052,715	1,042,846
External auditor's remuneration				
- In their capacity as auditors	15,223	12,374	11,998	10,374
- In respect of other services	1,925	3,739	1,069	3,739
Internal auditor's remuneration	8,782	9,437	8,782	9,360

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 charitable activities from this date on are no longer subject to Corporation Tax. The Association has a subsidiary undertaking commercial activities which are subject to Corporation Tax. In general profits are like to be donated to the Parent when they arise, however this year a decision was taken to retain profit in the subsidiary.

22. Capital Commitments	Group		Association	
	2011 £	2010 £	2011 £	2010 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	11,292,140	21,089,195	11,292,140	21,089,195

Contracted Expenditure will be financed by £1,051,000 Housing Association Grants and £10,241,140 Private Finance.

23. Leasing Commitments

At 31 March 2011, 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 2011

24. Pensions

PENSION OBLIGATIONS NOTE – SFHA SCHEME STANDARD EMPLOYERS

Clyde Valley Housing Association Ltd participates in the Scottish Housing Associations' 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 as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

Disclosure in Respect of Employer Debt

Clyde Valley Housing Association Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Clyde Valley Housing Association Ltd was £7,411,966.

Clyde Valley Housing Association Ltd participates in the Scottish Housing Associations' Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme offers five benefit structures to employers, namely:

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

CLYDE VALLEY HOUSING ASSOCIATION LTD

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

24. Pension Note (cont)

- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in,

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

Clyde Valley Housing Association Ltd has elected to operate the

final salary with a 1/60th accrual rate for active members and new entrants.

During the accounting period Clyde Valley Housing Association Ltd paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 5.7%.

As at the balance sheet date there were 50 active members of the Scheme employed by Clyde Valley Housing Association Ltd. The annual pensionable payroll in respect of these members was £1,451,888.

Clyde Valley Housing Association Ltd continues to offer membership of the scheme to employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

CLYDE VALLEY HOUSING ASSOCIATION LTD
NOTES TO THE FINANCIAL STATEMENTS LTD

31 MARCH 2011

24. Pension Note (cont)

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions *	10.4

(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

CLYDE VALLEY HOUSING ASSOCIATION LTD

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

25. Housing Stock

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

	Group Units under Management		Association Units under Management	
	2011	2010	2011	2010
Unimproved	1,884	1,832	1,870	1,829
New Build	942	900	942	900
Shared Ownership	6	6	6	6
	<u>2,832</u>	<u>2,738</u>	<u>2818</u>	<u>2,735</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 Councillors 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 31st March 2011.

On 19th 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 was extendible for a further 15 years on 15 July 2011. However the option for the bank not to extend this arrangement was bought out by CVHA on 24th May 2010 at a cost of £152,500 to be amortised in the accounts over the period until July 2026 so this instrument is now a non callable fix.

On 11th 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.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

28. Financial Instruments (cont.)

On 5th 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.

On 2nd 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 13th May 2008, a callable SWAP agreement with Bank of Scotland for £6.2 million at a rate of 5.24 %. This SWAP stepped up in value to £9.7m on 15th July 2010 to replace a cap and collar arrangement for £3.5m with LTSB, which expired on that date. 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.

On 20th August 2010 a forward fixed SWAP agreement with Bank of Scotland for £5 million at a rate of 4.18% commencing on 15th July 2015 and expiring on 15th July 2020.

On 20th August 2010 a forward fixed SWAP agreement with Barclays Bank for £5 million at a rate of 4.48% commencing on 15th July 2015 and expiring on 15th July 2025.